## South Africa **Sets Out Plan** For Major **Arms Exports**

Mandela Defends Move As 'Nothing Wrong' After UN Ends Embargo

By Paul Taylor

PRETORIA - South Africans announced hopes Thursday for sharp increases in arms exports following the United Nations Security Council vote to lift the embargo on the coun-

try's arms trade.

The head of Armscor, the state-run arms industry, predicted Thursday that South African arms exports would more than double this year alone, to about \$500 million in annual sales. He added that long-term survival of his country's arms industry, which flourished under the anartheid-era canctions but has been der the apartheid-era sanctions but has been contracting since the late 1980s, would be "in-

creasingly driven" by exports.

The prospect of South Africa turning into a major arms supplier in a continent already riven by war and carnage has caused some alarms bells to go off, but the post-apartheid government appears tantalized by the jobs and revenues the exports would generate.

"I don't think it would be fair to say that a particular country should not engage in trade in arms," President Nelson Mandela said on television before the UN action Wednesday.

"Arms are for the purpose of defending the sovereignty and integrity of a country. From that angle, there is nothing wrong with having

This week, as the Security Council voted to drop a 17-year-old embargo on arms imports to South Africa and a decade-old ban on arms exports from it, the head of a another UN agency scokled industrial nations for arms dealing in Africa.

INTERNATION

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James Gustave Speth, administrator of the UN Development Program, noted that the worldwide annual revenues from arms sales — \$125 billion — was double the level of development assistance - \$60 billion - to poor conntries in Africa and elsewhere.

Tielman de Waal, executive general manager of Armscor, said South Africa's secretive arms industry already conforms to international standards on not seiling arms to governments that suppress their own citizens or otherwise engage in human rights abuses.

The said, for example, that Armsor suspended its shipments to Rwanda last September as

the stirrings of civil war became more apparent He also noted that Armscor had suspended arms sales to Zaire, widely believed to be sup-plying the Angolan UNITA rebel movement. The trouble with such restrictions, analysts

say, is that once arms get into the marketplace. they tend to fall into unsavory hands. South Africa knows that as well as any country. Its exceptionally high levels of criminal and political violence have been fueled by the brisk illegal trade in AK-47s and other light arms from neighboring Mozambique, where a 15-year civil war ended in 1992.

When the United Nations slapped its first arms embargo on South Africa in 1977, P.W. Botha, then defense minister, reacted by investing heavily in an already sophisticated domestic arms industry. At the time, South Africa was engaged in destabilizing its neighbors in the so-called front-line states, which opposed its polidy of apartheid.

At its peak in the late 1980s, the sanctionsspawned domestic arms industry here employed 150,000 people, and was said to be South Africa's largest exporter of finished manufacturing products. Although all of its dealings were shrouded in secrecy, it was presumed to be supplying such states as Somalia, Libya, Sudan, Ethiopia and Sri Lanka.

Mr. de Waal said the industry now employs just 75,000 people, as a result of a cut in defense capital expenditures over five years. Because South Africa is no longer in conflict with its neighbors, the industry will continue to shrink ass exports can sustain it. Currently, he said, 15,000 defense jobs are export related; an additional 20,000 jobs will be added in this coming year alone.

South Africa is said to be export-competitive in artillesy, armored vehicles, mine-sweeping gehicles and the Rootvalk helicopter gunship.

Just how aggressively it pursues these sales is a policy matter for the new government. Though Mr. Mandela appeared to give a green light to arms exports this week, he has spoken and written in the past in support of universal

. Jakkie Cilliers, head of an independent mil-tary watchdog group, said he believes the hawks have already carried the day.

"There's been a dramatic shift in the African National Congress position in the past year,"
he said. "Now that they're the government,
their attitude toward arms seems to be, 'Let's go for it. Given economies of scale, its the only way they can save the defense industry."



FORCE OF ARMS IN BURMA — A young fighter of the opium warlord Khun Sa on guard at a rebel base in Burma's eastern Shan Province. Fighting between the army and the warlord's forces in the last two weeks has claimed more than 100 lives.

By John Noble Wilford

New York Times Service

NEW YORK - The strange and awesome cosmic phenom-

enon known as a supermassive black hole has moved from the

realm of theory to reality with observations announced by

astronomers using the Hubble Space Telescope.

A supermassive black hole is a gravitational monster that

gobbles up everything around it and is so powerful that no light

clusive evidence for the existence of an extraordinarily powerful black hole in the center of the giant elliptical galaxy M87,

which is 50 million light-years away in the constellation Virgo.

billion Suns, but is concentrated in a space no larger than the

This attractive force of collapsed matter weighs as much as 3

The astronomers reported finding what they said was con-

# U.S. Ends Link to Rights, China Keeps Trade Status

## But Clinton Bans Weapons Imports To Keep Some Pressure on Beijing

By Paul F. Horvitz

WASHINGTON - In a sharp change of policy. President Bill Clinton declared Thurs-day that he was breaking the link between human rights and trade with China.

The president's declaration came as he announced what U.S. officials had been signaling for days: that the White House believes China should retain its most-favored-nation trade status, which means low U.S. tariffs on the \$31 billion worth of goods it exports to the United

Nevertheless, Mr. Clinton took a series of steps designed to maintain at least some pressure on China:

He ordered a ban on the importation of Chinese-made weapons and ammunition, but there was no explicit link to human rights. Cheap, Chinese infantry assault rifles are flooding the U.S. market and are increasingly being

He announced his intention to enhance Radio Free Asia and Voice of America broadcasts into China and increase government support for private human rights groups.

He asked the U.S. business community to adopt a voluntary code of conduct for their affairs in China that would take human rights

Mr. Clinton said China was still guilty of "serious human rights abuses," but he said that although he was dropping the linkage between human rights and trade, human rights would be

advanced in the longer term through increased engagement in U.S.-Chinese relations.

He said that at the same time "very signifi-cant" U.S. strategic interests would be en-hanced. The president said, "I am offering to build the basis for a long-term strategic relationship."

Mr. Clinton said he would work to end the

process under which Washington annually scrutinizes human rights and immigration poli-cies in China to determine whether favored trading status should be retained. "We have reached the end of the usefulness

of that policy," the president said. "I am persuaded that the best path for advancing freedom in China is for the United States to intensify its engagement with that

Part of the reason, he said, was that China, as a great nation, could not have it appear as if every step it takes in the direction of improving the lot of its citizens is done as a result of

The decision to retain China's trade privileges cheered business leaders across the United States and pulled Washington and Beijing back from the brink of a serious trade estrangement that threatened to undermine the two nations' strategic relationship.

But it bitterly disappointed human rights groups and other American political leaders who highlighted social and political conditions in China that they say are repressive.

The announcement came on a day in which the State Department reported progress with

See CHINA, Page 5

## Ease Up on China, Singapore Advises

the speed of light.

there is a black hole there."

Lee Kuan Yew, Singapore's senior minister, of the U.S. human rights movement, this will be said Thursday that U.S. pressure on human an enormous problem for East Asian countries rights could lead to the breakdown of order in and also for America." Mr. Lee said in an China and set off an exodus of Chinese citizens interview with the International Herald Tri-

eking refuge overseas.

"With the right of emigration a centerpiece least" 20 million refugees, he asserted. (Page 4) It's True! Hubble Proves Black Holes Are There

Observations and calculations of a whirlpool of hot gases

The disk reached within 60 light-years of the galactic nucle-

us. The energy released by gas failing into the black hole also

produces a beam or jet of electrons spiraling outward at nearly

Daniel Weedman, the space agency's director of astrophys-

ics, who had been skeptical of previous evidence regarding

"This is a tremendous breakthrough," he said. "I do believe

Tod R. Lauer, an astronomer at Kitt Peak National Obser-

vatory in Arizona, whose previous studies of M87 provided

strong but not quite conclusive evidence for black holes,

See HOLES, Page 5

black holes, said he was now convinced of their existence.

toward the center of M87 were the basis for the black hole

discovery. The eases formed a surprisingly well-ordered disk

that stretched across a distance of 500 light-years.

## **Rebels Dare** To Challenge **Beijing Over** 1989 Assault

By Lena H. Sun

BELIING - Five years after the Chinese Army crackdown on pro-democracy dem-onstrations, seven dissidents publicly peritioned the government Thursday for a reassessment of the 1989 movement and compensation for the families whose loved ones were killed or injured in the repression.

The activists, led by a former student leader, Wang Dan, also called for the release of all prisoners associated with the crackdown on June 4, 1989, and for the government to allow those who have been released from jail to lead normal lives. The appeal came in a petition to the

national legislature that was made available to reporters. It is a direct challenge to the government's characterization of the massive, student-led protests that swept Beijing and spread nationwide as a "counterrevolutionary rebellion." The document comes a week before the

fifth anniversary of the crackdown. Security has tightened in Beijing. The homes of dissidents and their relatives are being watched, and Mr. Wang and several other activists have left the city to avoid the surveillance.

President Jiang Zemin recently de-fended the use of force to crush the 1989 protests as the only way to ensure stability and continued economic development. He added that China would not hesitate to use violence again if necessary.

The government has never given a public accounting of the exact number of dead and wounded in the 1989 crackdown. Nor has it said how many people were arrested in connection with the repression. Several of the activists making the ap-

peal Thursday to the government were on China's most-wanted list of student leaders and have served time in prison for participating in the 1989 movement.

In the document, they said the time had come for the government to "untie the

knot in the people's heart." The 1989 demonstrations, they added, were part of "a nationwide patriotic popu-

lar movement" that adhered to the principles of "peace, reason and nonviolence." "We believe the government's characterization of it as a 'riot and a counterrevolu-

tionary rebellion' is unjust and immediately should be reassessed," the activists wrote. "We feel that the 'June 4th' incident represents an undeniable 'knot' in the Chinese people's historical development, they added. "Resolving the 'June 4' prob-

lems and untying this knot in the people's heart will help heal social contradictions and promote social stability."

#### Holland Ford, an astronomer at Johns Hopkins University and the Space Telescope Science Institute in Baltimore, said. The discovery appeared to lay to rest any remaining skepticism about black holes, predicted by Einstein as part of his "This is conclusive evidence of a supermassive black hole." **Europeans' Security Talks**

Compiled by Our Staff From Dispatches

or matter can escape.

PARIS - Russia, Germany and East European speakers set out divergent views of European security Thursday as they discussed a new plan for averting conflicts over borders and the rights of minorities. Foreign Minister Andrei V. Kozyrev of Rus-

sia, addressing a two-day, 53-delegation conference on European stability, welcomed a French-conceived blueprint for blocking poten-tial wars over border disputes or minority treat-

The mechanism calls for elaborating a stability pact for potential European Union candidates within roughly a year. In the meantime, two regional "roundtables" of discussion would be formed, one on the presence of Russian troops in Latvia and Estonia, and Russian speakers in all three Baltic countries, and the other on the large Hungarian minorities in Romania and Slovakia.

But while praising the plan, Mr. Kozyrev also seemed to question the usefulness of the round tables, saying they might duplicate the work of bodies like the Conference on Security and Cooperation in Europe.

Instead, he insisted, the focus should be "to

**Expose Broad Differences** concentrate on specific steps to improve interethnic relations and to ensure the rights of

> "This is especially necessary for the three Baltic states, Estonia, Larvia and Lithuania." he added.

national minorities."

He said discussion of border and minority issues "should take place exclusively in the framework established by CSCE documents." But Foreign Minister Klaus Kinkel of Ger-

many said it was vital that other institutions such as the North Atlantic Treaty Organization or the Western European Union should not be 'subordinated" to the Conference on Security and Cooperation in Europe. Mr. Kozyrev avoided saying whether Mos-

cow would join a regional roundtable with the Baltic states, and Foreign Minister Willy Claes of Belgium said such talks were still "hypotheti-

Instead, Russia proposed setting up a European university in a Baltic state as a way of overcoming ethnic tension in a region where the status of Russian minorities is politically explo-

See EUROPE, Page 5

general theory of relativity. Over the last three decades, they

so intriguing and expressive that it crossed into popular cul-

ture, and even the term black hole entered everyday language

In their excitement, astronomers were calling the Hubble

observations the decisive clue needed to solve the mystery of

the tremendous energies and gravitational forces at the core of

They called the M87 black hole the most significant discovery made so far by the Hubble telescope, which had its vision

enhanced with new optics installed by shuttle astronauts in

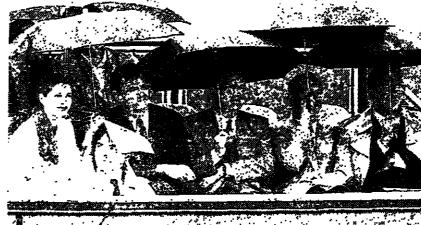
At a news conference at NASA offices in Washington,

While scientists theorized and searched, the concept became

were the ultimate goal of astrophysics.

as an all-purpose metaphor.

Next in this series, the conflicts of culture. Frank Schirrmacher, a senior editor at the Frankfurter Allgemeine Zei-



PARIS PERENNIAL - Spectators at the French Open tennis tournament Thursday, waiting out the rain. Some saw Aaron Krickstein upset Michael Such. Page 23.

Fifty Years After D-Day

tung, writes of Europe's fascination with American pop culture — und its revul-



The theme for Richard Grenier, a columnist for The Washington Times, is the dangers of Hollywood's utopians, Read them in Monday's Herald Tribune.

#### Kiosk

## **Arafat Delays Trip** To Self-Rule Area

JERUSALEM (Reuters) — Israel said Thursday that Yasser Arafat, the PLO chairman, will visit the new Palestinian self-rule

"We have received an announcement that he has delayed his arrival from June 6 to June 15, and he is authorized to do so," Police Minister Moshe Shahal told Israel Television. Earlier Thursday, Israel Radio reported that Mr. Arafat would begin a three-day visit on June 12 to the self-rule zones of Jericho and the Gaza Strip, which Israel handed over to Palestinian control this month. But a PLO official said Mr. Arafat postponed the visit to the 15th because of previous commitments. The radio quoted Palestinian sources as

saying Mr. Arafat would meet the U.S. secretary of state. Warren M. Christopher, who is due in the region then.

**General News** 

The slow political death of an important Clinton ally in Congress.

Book Review

Page 4.

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## Vladivostok, Open City Once Again, Is Making Up for Lost Time

By Lee Hockstader Washington Post Service

VLADIVOSTOK, Russia — Rising on craggy, fog-shrouded hills from Golden Horn Bay, Vladivostok is like a distorted mirror image of Russia itself: distended in its lawlessness, misery and disorientation, but also in its gaudy new wealth and commercial promise.

This is the capital of Russia's rough and ready east, a port city seven time zones and 5,700 miles (9,200 kilometers) from Moscow that has been thoroughly transformed in the two and a half years since the Soviet Union's demise. It is in Vladivostok farther east than any maker city in

mainland Asia, that Alexander Solzhenitsyn will arrive Friday like some latter-day Rip Van Winkle, after 20 years in the West. Here he will have his first glimpse of Russia's kaleidoscopic transition to capitalism in all its raucous, lurid, hopeful colors.

"We're like a decaying organism, beset by parasites," said Yuri Didenko, director of Vladivostok's huge fishing fleet.

But after railing at Moscow's callousness and Russia's lost dignity, he captured the tough optimism of the place: "I'm upbeat. The geography of Vladivostok allows us to hope it will be a center for business for East Asia and the Pacific

Founded in 1860 to block China's expansion to the Sea of Japan, Vladivostok (the name means "Possess the East") boomed after the Trans-Siberian Railway linked it with Moscow in 1903. As the home of the Soviet Pacific Fleet, Vladivostok was a closed military camp after World War II. Coddled by subsidies from Moscow and anchored by the navy, military factories and the fishing fleet, the vity glided along in splendid isolation, except for a 1972 meeting between President Gerald R. Ford and the Soviet leader.

Leonid I. Brezhnev. Since it was opened officially to the outside world Jan. 1. 1992, Vladivostok has made up for lost time. As Moscow's influence wanes, Seattle and Seoul are the new points of reference for Vladivostok's hustling traders.

volunteers are offering seminars on commercial banking. Italians are building a new airport, Australians operate the hest restaurant in town, and Chinese workmen recently

refurbished a \$220-a-night hotel. Hundreds of joint ventures with Japanese. South Korean, Chinese and American firms are under way. Flights are planned or already link the city with Alaska and Japan. In a red-brick church stop a hill, an American Roman Catholic priest hears confessions in a room that for decades was a Communist Party archive for top-secret documents.

Signs of new money include stylishly dressed women downtown to swanky new apartment buildings on the outskirts, where luxury duplex condominiums are on sale at \$80 square foot. Thousands of white Japanese sedans brought in tax-free by merchant sailors for sale at a quick

profit - clog the narrow streets in epic rush hours. But the city is beset by outsized economic and social problems, more severe than those of most Russian cities. As

Coca-Cola is tripling sales forecasts. U.S. Peace Corps subsidies from Moscow dry up, huge defense plants are switching to television sets and automatic bowling pin setters for Asian markets - but not fast enough to avoid

mounting layoffs and unpaid workers. Alongside the newly rich, a new class of unemployed and impoverished is taking shape. City officials say a third of Vladivostok's 700,000 civilians live below the poverty line. Prices, the highest in Russia, soared last year as annual inflation reached 1,300 percent, nearly half again the nation-

The emerging extremes of wealth and poverty are fueling a wave of crime and corruption, including a murder rate that

has quintupled in five years and rivals Washington's. The authorities are swamped. The Vladivostok police force, which has just two computers, is hiring hundreds of

"In the United States, you passed this racketeering stage long ago," said the chief prosecutor, Vyacheslav Yaro-shenko, "We're just entering it."

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ROME - A German theologian has suggested that Roman Catholics acknowledge co-responsibility and guilt for the Holocaust, but the Vatican said Thursday the idea had no imprimatur from the Holy Sec. A document presented Wednesday at a joint Cath-

Catholic guilt in the extermination of Jews. stunning Jewish participants at the gathering. "It's not just important. It's mind-boggling." said Rabbi David Rosen, director of interfaith relations and Vatican relations for the Anti-Defamation League

olic-Jewish meeting in Jerusalem spoke of shared

The Vatican said, however, that the document had not been approved by any ecclesiastical authority and was "in no way a projected document of the Holy

The document, according to a version of it leaked in Jerusalem, said the Catholic Church "confesses that

she bears co-responsibility for the Shoah and that she has burdened herself with guilt." Shoah is the Hebrew

word for the Holocaust. "A long-standing theology and preaching had soothed the conscience of Christian people and had weakened their ability to resist when in Europe and Germany, the National Socialist anti-Semitism came up with all its brutality and criminal energy." the

The document was sensational because it upended the church's insistence that it acted to resist Nazism and in no way collaborated with it.

It said: "Despite the exemplary behavior of some individuals and groups, we were nevertheless as a whole a church community who kept on living their lives in turning their back too often on the fate of this persecuted Jewish people, who looked too fixedly at the threat to their own institutions and who remained silent about the crimes committed against the Jews and Judaism. This led to the manifold guilt of many Christians and in the church."

The document caused an uproar Thursday in Italy, the Polish bishops' conferences, and it is an initiative where many newspapers gave it front-page

In a series of statements, however, Joaquin Navarro-Valls, a Vatican spokesman, insisted that the Jerusalem document was completely separate from a statement in preparation at the Vatican since 1987 on the Church and the Holocaust.

"The document was a project being prepared by the German Bishops' Conference in consultation with the Polish Bisneps' Conference," a statement said. "It is clear that it has not been approved by any ecclesiasti-

"Of course, it is in no way a projected document of the Holy See," the Vatican said.

Vatican officials said the document - titled "Anti-Semitism, the Church and the Shoah" - had been written and presented to the Jerusalem meeting by a German lay theologian, Hans Herman Henrix, of the Catholic Theological Institute in Aachen, Germany.

"It has not been approved either by the German or

of these conferences, not the Vatican," Mr. Navarro-Valls said.

country's most-wanted Communist rebel, the masternancing at a squad that has been blamed for the killings of more than set Additionally, he said, the Vatican was still working on its own document on anti-Semitism and, after seven years, there was still no indication when the text 26-year-old Communist insurgency that has been wricked by increasely bitter infighting, ideological rifts and the reputitation of the last

would be ready for Pope John Paul II's approval. The Pope, in a hospital where he is recovering from a broken thigh, has led the church in recent years to a rapprochement with Jews. The Vatican has called the Holocaust a "monstrous abyss" and the newest Universal Catechism - the church's textbook of religious education - refers to anti-Semitism as a "crime against humanity."

It was only in 1965, however, that the Vatican abjured the notion of collective Jewish guilt for the crucifizion of Christ.

And it took until December for the Vatican and

Israel to finally establish diplomatic relations. Pope John Paul II took the process of reconciliation a step further last month when the Vatican was host to a concert to commemorate the Holocanst.

### Yeltsin Harangues His Counterspies MOSCOW (Reuters) — President Boris N. Keltstrauper H.

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Manila Captures Most-Wanted Relation

principles in much of the world.

Mr. Lagman was arrested by naval intelligence agence as he displace

MANILA (WP) - The Philippine military on Thursday Con

officers and local officials, as well as a U.S. Atmy colonida.

The arrest of Felimon Lagman, 43, appeared to deal a

in the Quezon City district of Manila.

gence services Thursday to work against foreign infiltration and counterintelligence officers accused foreign spies of significant commercial secrets.

There are forces in the world that want in weaken Russes country with cheap work force and low intellectual potential country with cheap work force and low intellectual potential country agency quoted Mr. Yeltsin as telling a closed door ince in the country with the country was agency quoted Mr. Yeltsin as telling a closed door ince in the country was agency quoted Mr. Federal Counterintelligence Service. "Counterintelligence is take clear actions to counter this."

The officials themselves, in a rare publicity campaign and intelligence services were still operating in post Cold Watters secret services "are moving from military to ecuation committees Vladimir Tsekhanov, the department head, said in an interview with in the government newspaper Rossiiskaya Gazeta.

#### Northern Yemenis Attacks Oil Area ADEN, Yemen (Reuters) — Northern Yemen forces and southern oil province on two fronts Thursday and rejected on

proposals from breakaway southern Yemen.

Brigadier General Omar Attas, southern joint chief in the proposals from Shabwa Province and east along Hadisan desert border with Saudi Arabia. He told of the advances in a body in the courteen vice president, Abdel Rahman Jiff.

General Attas predicted that forces of the state that specifican united Yemen last Saturday would "obliterate" the northern state that the highest that the southern leader, Ali Salem Baid, has been been a specific to the southern leader, Ali Salem Baid, has been been a specific to the southern leader, Ali Salem Baid, has been been a specific to the southern leader, Ali Salem Baid, has been been a specific to the southern leader, Ali Salem Baid, has been been a specific to the state that the southern leader, and the state that the southern leader to the state that the state that the southern leader to the state that the state tha for more than a week. However, forces loyal to Yeners and president, Ali Abdullah Saleh, appear to have made substantil than

#### Svrian Beaten in East German August

MAGDEBURG, Germany (Reuters) — A Syrian was bearing man apparently motiveless attack, the police said Thursday, and proceed on an apparently motiveless attack, the police said Thursday, and proceed on the street and weather former East German city two weeks ago.

The police said the Syrian was found lying in the street lane Weathershinght. They said he told them two Germans, one a kinthead had also him for no reason, pummelling and kicking him.

Magdeburg's chief prosecutor, Rudolf Jaspers, said meanwhile that an adolescent had been charged with giving the Nazi stiff-arme said to crime in Germany — during the riots on May 12, when about 2 then. Nazis clashed with police and foreigners. The unmaned susper many directly involved in the fighting, he added. Mr. Jaspers said he cancel to bring more charges next week.

#### Sinn Fein to Reply to U.K. Peace Ba

LONDON (AP) - The leader of Sinn Fein, the Irish Republic Army's political wing, said Thursday that his party would amount decision on a proposal for peace in Northern Ireland next month? The pledge by Gerry Adams restored hope in the search for a largest

to settle the conflict over the future of the British-ruled province.

Mr. Adams said, however, he could not promise an immediate province more than two decades of violence in Northern Ireland. Said February respond to the peace formula offered Dec. 15 by Britain and sometime after the elections for the European Parliament on Ames Mr. Adams told BBC Radio 4.

#### Nanking Toll Questioned in Japan

TOKYO (AP) — Shintaro Ishihara, a prominent conservative laurist er, said Thursday the United States and China deliberately overestimes the number of Chinese killed during the Japanese Army's contribute Nanking.

The remarks came barely three weeks weeks after Justice Minuter Shigeto Nagano was forced to resign when he angered Asian sanitally saying the 1937 massacre was a hoax. At a news conference, Mr. Jahan criticized Mr. Nagano for not saying clearly that a massacre economic has he added, "I think it is a question of numbers." He said Nanking had a population of 200,000 at the time. Hence, "It must be impossible to kill 300,000 people." Mr. Ishihara, who is best known for his book "The Japan That Can Sa

No," in which he questioned Japan's reliance on the United Sk the United States may have overstated the death toll during war said tribunals after Japan's defeat in 1945 because "of a sense of guilt" over it atomic bombings of Hiroshima and Nagasaki.

#### Iranians Sought in Thai Bomb Case

BANGKOK (AP) — The police have issued arrest warrants for two Iranians in connection with an unexploded truck bomb found at Maria near the Israeli Embassy, according to a report Thursday. Applied

was found in a rented truck abandoned by its driver after it was involved in a minor accident in central Bangkok. The body of a Thai hires to the the truck was also found.

Embassy, which police think was the intended target.

An article in Wednesday's editions about Memorial Day observation in Europe incorrectly listed the date for a memorial service at the Beat Chapelle cemetery in Belgium. The service will be held Saunday at 1 PM.

## U.S. Deaths Linked To Bacterial Strain 450 May Have Died Yearly

GENEVA - U.S. officials estimate that up to 450 Americans may have died each year from 1989 to 1991 from a bacterium that has caused a major scare in Britain, the World Health Organization said

A spokesman said the figures were provided by the U.S. Centers for Disease Control and Prevention in Atlanta, the main U.S. coordinating body for tracking such in-A bacterium that destroys fat,

skin and muscle within hours has killed 12 people recently in Britain. and Norwegian doctors say 25 to 30 people have died from it and similar bacteria this year. A spokesman, Thompson Pren-

tice, said the World Health Organization was in contact with U.S. and British medical authorities to try to improve international monitoring of such diseases.

He said the U.S. Centers for Dis-

ease Control estimated that there were 10.000 to 15.000 cases of Group A Streptococcus, the forerunner to the disease that is known as necrotizing fasciitis, in each of the three years from 1989 to 1991. Of the sufferers from Group A

Streptococcus. or GAS. 500 to 1,500 each year developed the virulent strain. That strain has had an average death rate of 30 percent. indicating that 150 to 450 Ameri- and was not always reported.

cans died of the disease each year. In Norway, Dr. Ame Hoeiby, chief physician at the National Institute of Public Health, said 116

cases have been reported this year, and that 25 to 30 people or about one in four who had contracted the disease, have died. In the same months of 1993, there were 50 similar cases, he said. Mr. Prentice said the World

Health Organization had found 166 articles in medical publications on outbreaks around the world over the past five years. It is awaiting news from Britain

on whether medical authorities there had evidence that a new strain of the bacteria had caused the latest deaths. "If it is, it has major implications for alerting other countries." Mr. Prentice said. He added that the scare over the

bacteria, which has existed for some time but had largely been unnoticed, illustrated the inadequacy of international monitorine of such diseases. "We and the Americans are looking for an international network to be set up to track this type of disease as a mat-ter of urgency." he said.

He said a lack of concrete information worldwide on necrotizing fasciitis was largely due to the fact that it was not a disease requiring notification to health authorities



The body of the pilot, David Robertson, being carried from the British Airways jetliner after the co-pilot landed it in Tokyo.

#### Pilot of a British Jetliner Dies During Flight passengers were unaware that anything had

TOKYO — The pilot of a British Airways jumbo jet died of a heart attack on Thursday while the plane, with 331 people aboard, was over Russian territory on a flight from London to Tokyo, airline and transport officials

Captain David Robertson, 52, died of a heart attack while taking a scheduled rest on the flight, according to a British Airways spokeswoman in London.

The 747-400 jumbo jet, carrying 312 passengers and 19 crew members, was being flown by one of its two co-pilots at the time the pilot died, the spokeswoman said. The co-pilot made a routine landing at flight announcement asked if there was a Tokyo's Narita Airport, she added.

try reports that the airliner was at no time in anv danger. There was never any danger to passengers

Japanese news reports said passengers knew someone aboard was ill after an in-

happened."

doctor aboard. They did not learn of the She confirmed Japanese Transport Minis- captain's death until reporters questioned them about it on arrival in Tokyo. Mr. Robertson was three years away from

retirement. All British Airways pilots must on the flight," she said, "and in fact the retire at 55, the spokeswoman said.

### 22 Years Later, Europe Faces a New Uphill Battle in Norway membership accord with the EU in March, But the

Washington Post Service

OSLO - The last time Norway voted on whether the country should join the European Community parties splintered, towns and even families divided bitterly, and the government collapsed after the pro-That was in 1972, Twenty-two years later, as the

country prepares for a referendum on whether to join what is now the European Union, there are predictions that Norway is in for another bruising battle.

'The debate will be at least as tough as it was last time," said Anne Enger Lahnstein, head of the Center Party and leader of the anti-union forces. Prime Minister Gro Harlem Brundtland, leading

the movement for approval, agrees that a long fight looms, but she rejects the notion that Norway faces a repeat of the 1972 political earthquake. "It will be a different situation," she said, predicting

victory during a recent interview. But Mrs. Brundtland and her supporters have their

work cut out for them before the referendum, likely to be in November. Polls show about 50 percent of voters opposed to joining the EU, less than 40 percent in favor and the rest undecided.

Along with Sweden, Finland and Austria. Norway, after resolving a dispute over fishing quotas, reached a

referendum may prove a bigger hurdle. Much will depend on what happens in Sweden. likely to vote two weeks earlier. Approval there could influence Norwegians, who fear being isolated from

their Nordic neighbors. But polls have shown a small majority of Swedish voters opposed as well. The strong opposition in Norway may clash with the country's image as good world citizen — a reliable NATO member, perennial contributor to UN peace-

keeping missions, and key participant in such efforts is the Israeli-Palestinian peace History accounts for some of the opposition. Union has long been a dirty word in Norway, which gained independence in 1905 following a succession of unions going back to 1381 — first with Denmark and, beginning in 1814, with Sweden. Moreover, Norway has a

small nation's fear — its population is 4.3 million —of being swallowed up in a much larger political entity. "It's part of a schoolboy's education that it's not good to be part of a union," said an official for a large Oslo corporation. "It's like the U.S. looking back

fondly on union with the British." Mrs. Brundtland contends that enormous changes in Europe as well as Norway's economic ties with the Continent over the last two decades have changed Norwegian attitudes toward the EU.

tion far less dominant economically and politically depopulate the country's vast northern expanse, a than the current 12-member Union. Moreover, the collapse of communism in Eastern Europe has created instability across the Continent and led to nervousness about commits "All of this has created a new picture of Europe and

our role in it." Mrs. Brundtland said. She warned that doubts about this. a "no" vote would likely leave Norway "standing more or less alone on the European continent among Western countries."

The view seem some voters.

"I was young in 1972, and I didn't vote for it," said Finn Nordli, an Oslo construction worker. "It was another story then. Then it was just a few countries. Now, we would be isolated, and I think it's better for the security of Europe that we stick together."

Lining up against the agreement is an eclectic mixture of groups, including feminists who fear less support for women's rights and fishermen worried that their catch quotas will be reduced. There is opposition from producers of such foods as dairy and meat products who fear they will not be able to compete

with cheaper European imports. Norwegian farmers receive enormous support from the government in the form of subsidies and guaran-

regardless of membership in the union, but that spe-cial EU rules tailored for Norway would protect the livelihood of farmers. But opponents are express Hanging over the debate is concern that Norway will be surrendering sovereignty to bureaucrats in

sparsely settled region dependent on fishing and farm-

ing. Mrs. Brandtland said subsidies would be cut

Brussels.

as it is, but at least in a country of 4 million, you have a vote," said Grete Stokka, whose Oslo bookstore sells buttons urging a no vote. "We think this means too much power in too few hands." Anne Lahnstein said in her office, waving a

dog-eared copy of the Maastricht Treaty on European Union. "This union isn't something being demanded by the population; it's being imposed from the top." Mrs. Brundtland has painstakingly laid the groundwork with study groups and grass-roots organizations.

Significant elements of her party are opposed to Euro-pean union, but unlike 1972, when the party splintered on the issue, agreement has been reached allowing differing views without rancor.

"Nobody's quarreling about the process," she said.

foreign suspect also was sought.

The one-ton bomb, made of ammonium nitrate fertilizer and first of

The truck was abandoned several hundred meters from the Israel

#### Correction

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## Talks on Bosnia Said to Focus on a 51-49 Division

SARAJEVO, Bosnia-Herzegovina - International mediators ended two days of talks with Bosnia's warring factions on Thursday, with no apparent agreement on the future division of the former Yugoslav republic.

But sources close to the talks in France said leaders of the new Muslim-Croatian federation and rebel Bosnian Serbs agreed to meet again with a contact group from the United States, Russia and the European Union in a week to 10 days.

The sources said the talks, at which the factions did not meet face to face, focused mainly on the division of the territory between the federation and the Serbs, who currently control 70 percent of the

The Croatian news agency HINA reported earlier that the Croats and Muslims had partly accepted a proposal from the mediators that would give them 51 per-

In a report from the talks at the French lakeside resort of Talloires. the agency said the allies had agreed to give up their opening demand for 58 percent "for the sake

It said the Croats and Muslims "were ready to compromise and partly accept the 51-49 division" after some new ideas on dividing the territory had been presented by mediators.

mediators had presented at least

Brazil

Cayman Islands

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Costa Rica •

three slightly different maps for a postwar Bosnia. While the political leaders were

devastated country, their armies were reported to be battling for territory in northern Bosnia. UN and Serbian reports said

troops backed by Croats and rebel Serbs around Tesanj.
On Wednesday, UN officials area to encourage Serbian complisaid Croatian and Muslim forces

ers to withdraw from a contested area to encourage Serbian compliance, a UN spokesman said. were pursuing a joint assault for the first time since the two former enc-

mies agreed to form a new federation in February. Sources close to the negotiations said that during talks with individin the Muslim enclave of Bihac in ual delegations on Wednesday, the northwestern Bosnia. A spokesman for the UN High

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Commissioner for Refugees, Peter Kessler, said rebel Serbs in Croatia weekend for the withdrawal of the had blocked aid convoys into Bostrying to redraw the map of their nian government-held parts of Bihac for the 10th day in a row on

In the Muslim enclave of Gorazde in eastern Bosnia, Serbian fierce fighting was going on be-tween Muslim-led government exclusion order after the UN commander asked government defend-

Despite an exclusion zone of three kilometers (two miles) ordered by the United Nations around-the town last month after it Heavy fighting was also reported came under heavy Serbian attack, about 150 Serbian troops remain inside it.

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Cyprus Accepts UN Pact

army had not signed it.

NICOSIA — The Cyprus government will not negotiate further

spokesman said Thursday. President Glavkos Klerides has accepted a March 21 document that proposes steps to boost confidence between the communities. The Serbs and the United Na- divided since 1974,

194.00.19

#### TRAVEL UPDATE

Less Crime on Foreigners in Moscow troops, but the Serbs said a few days later that it was invalid because the Muslim-led government

MOSCOW (AP) — Moscow police officials on Wednesday said can against foreigners in the Russian capital had declined because foreigners in the Russian capital had declined because foreigners in the first residents and visitors were being more careful.

There were 464 registered cases of crimes against foreigners in the first four months of this year, compared with 525 registered incidents (1993), the police said.

Crime has plagued Russia since the disintegration of the Soviet Unit

in 1991, and the government lists crime-righting as one of its priorities. But lack of funds and widespread corruption so far have blocked any serious progress. on UN-proposed measures to build Subway workers in Madrid and Barcelona walked off the job Tangar to press for a wage rise and better benefits. There were no reput confidence between rival communities in the divided island, a serious violence or vandalism. The subway strikes come during from

of walkouts by workers in Spain's public transport system. Emergency anti-pollution measures in Athens were exten second day until Friday. Cars are banned from the city center in A.M. to 8 P.M., and taxis are heavily restricted. Industries have ordered to cut oil consumption by 30 percent on Friday. ordered to cut oil consumption by 30 percent on Friday.

weden(CC)4

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WASHINGTON - Conducting pep railies with Democrats and taking the pulse of Senate Republicans, President Bill Clinton promised Congress that he would keep pushing this year for passage of health care legislation that would provide insurance for every

The tone in the private meetings switched back and forth, partici-pants made clear. With Republican senators, he stressed his readiness for compromise, so long as his basic goal of universal coverage

Then, meeting House Democrats, the president told them, "We can do it, but we have to fight." He also said that success on health care would be very important to the party in the elections this fall. In the meeting with Republican senators, Bob Packwood of Oregon told Mr. Clinton that he could not get Republican support for requiring employers to buy their workers' insurance, and said Democrats would have to decide whether they wanted to fight an election over this issue or to drop that demand. (NYT)

#### is President's Record Good to Run With?

WASHINGTON - The Democratic national chairman, David C. Wilhelm, has denounced Democratic candidates, including the loser in a special House election this week in Kentucky, for not running on President Clinton's record.

"The lesson here is that Democrats should run as Democrats," Mr. Vilhelm said, speaking of the loss of a House seat in Kentucky held by Democrats for 129 years. The defeat spurred increased concern among Democrats and enthusiasm in Republican circles about prospects in the fall elections.

But some independent analysts and Democratic consultants rejected Mr. Wilhelm's argument.

"Right now the president is not seen as an asset" in many Southern districts, said Merle Black, an Emory University specialist on Southern politics. Democratic candidates in those districts "are stuck with Clinton and he has given them an unpopular agenda,"

#### Flood-Control Unit Looks to High Ground

WASHINGTON - A year after the Mississippi River and many of its tributaries spilled over their banks, devastating much of the nation's midsection, a committee of government experts is urging the Clinton administration to abandon the Army Corps of Engineers' longstanding preference for dams and levees as the primary means of

The committee's draft recommendations call instead for greater efforts to promote the evacuation of risky flood plains, the relocation of businesses and farms to higher ground and the restoration of natural flood cycles.

"It is a fairly hefty set of recommendations," a White House official said of the report. (NYT)

#### **Quote/Unquote**

Fred Greenstein, a Princeton University presidential scholar, commenting on President Clinton's conduct of foreign affairs: "In foreign policy, it's important to present a firm image. With Clinton, it's like globs of mercury; he's all over the place."

(LAT)

## Business as Usual, as Rostenkowski Twists in the Wind

By Robin Toner

New York Times Service
WASHINGTON — Officially, the House Ways and Means Committee is making its way through the various alternatives for health care restructuring. Unofficially, it is struggling to deal with one of the most painful rituals on Capitol Hill: the slow fall of a public

Each day, the masses of reporters and photographers inside the committee room grow larger, the lobbyists in the corridors less discreet as they talk about the passing of the man they feared and cultivat-

Each morning. Dan Rossenkowski bounds in to take the chairman's seat, trying another performance of business as usual. But each time he moves, or confers with a colleague, or engages in a gesture like biting his nails, he hears the whir of a dozen motor drives and looks up with a jolt to a wall of photographers. In such moments, he looks haunted, trapped in his own committee room.

It is part of the code of this political death by inches - a process that dragged on for months with Jim Wright, the speaker of the House who was forced to resign in 1989 - that one's friends and colleagues try

to avoid acknowledging the obvious.
"I cannot discuss the possibility of the tragic loss of my chairman," said Representative Charles B. Rangel of New York, the fourth-ranking Democrat on the committee. "While there's a lot of speculation, I've always felt it's as if I've got a friend with a serious health problem and I'm preparing for his funeral. I

This is an emotional reality that is lost outside the clannish world of the committee's Democrats.

"We need the chairman now more than ever," Representative John Lewis, Democrat of Georgia. said loyally and protectively.

Mr. Rangel, edging away from the cameras this week, said at one point: "You're talking about a life, a family, a guy without a blemish on his legislative career. But the news is not the good one does."

Amid such emotions, any speculation about Mr. Rostenkowski's successor — if Mr. Rostenkowski is indicted or reaches a plea agreement - is done very. very carefully. The rules of the House Democratic caucus are clear enough, dating back to the Abscam investigation in 1979 and 1980. If indicted on a felony charge that carries a sentence of more than two years, a chairman must relinquish his seat and the next most senior Democrat becomes the acting chairman. By this rule, Representative Sam M. Gibbons of Florida would succeed Mr. Rostenkowski. Since these are caucus rules, however, they can be



changed by the Democratic caucus and an election could be held for the position of acting chairman. An Representative Rostenkowski listening to health care proceedings of the House Ways and Means used his office expense accounts. The members themelection would also be held if Mr. Rostenkowski Committee, of which he is chairman. The Illinois Democrat faces charges of financial misconduct. selves seem rattled.

resigned and there is an official vacancy. Still, the ag circumprinciple of seniority remains strong.

It is given high priority by Mr. Rangel, who is at absolute widely viewed as the most powerful potential challenger to Mr. Gibbons, Mr. Rangel has indicated that he would not oppose Mr. Gibbons but would protect ible to get his seniority if someone lower on the totem pole gets rlight and

Mr. Gibbons prefaces his comments with a defense would be of Mr. Rostenkowski.

"He is innocent in the eyes of the law and in my be meaeyes," he said, going on to say he does not expect, a struggle over succession.

But the rumors continue to ripple through the it is filled House. The majority leader, Richard A. Gephardt. k hole, he shot one down this week, denying that the Democratic leadership was planning to install him in some capacity on the committee if Mr. Rostenkowski left. Other ed the vegan was a superstantial to the continue of the committee of the continue of the lawmakers simply refuse to talk to reporters about a by observi is it possible succession, among them Representative Robert T. Matsui of California, widely regarded as a potential challenger, This anxiety is only stoked by the thought of a

leadership change as Congress is considering the big-the whirl- e Occi gest domestic legislation since Social Security.

"None of us knows how to live through this," said one Democrat who is not a member of the committee. ur. At the moment, members are not actually voting on a ent, Mr. health care bill; that phase was pushed back because s applied ir. Be the Congressional Budget Office is so far behind on its financial analyses. But after the Memorial Day recess, the clock truly

begins to count down on health care reform; if the main committees do not move a bill in June, the chances of getting comprehensive legislation this year Democrats on the committee say they will rise to the

Mr. Rostenkowski's allies also insist that so far he has maintained his focus on the work. "It's not slowed down," said Representative Steny H. Hoyer of Maryland, chairman of the House Democratic Caucus. "Things are slowed down by policy reasons."

Mr. Rostenkowski, who denies any wrongdoing.

was in the meeting of Democratic leaders with President Bill Clinton on Wednesday afternoon, grousing about the delays of the Congressional Budget Office, participants said. He has presided over the questions and debates this week, as members make their way through the various health care plans, occasionally chiding them for dragging their feet.

But as the committee made its way through the arcana of Medicare Part C and the like, it is hard to avoid the real drama, the climax of a two-year investi-

#### Clinton in Europe





June 1: President Clinton leaves Washington. June 2: Meets Pope John Paul II and Italian political leaders in Rome.

June 3: Visits American cemetery at Nettuno Beach. June 4: Meets Prime Minister John Major in London, visits U.S. cemetery in Cambridge and attends state dinner in Portsmouth with Queen Elizabeth II and leaders of other

June 5: Crosses the channel aboard the U.S. aircraft carrier George Washington.

June 6: Speech at La Pointe du Hoc and the military cemetery at Colleville-sur-Mer near Omaha Beach. June 7: Addresses the French National Assembly in Paris at 1500 GMT.

#### **Away From Politics**

• A Florida school board has been sued for requiring that students be taught that American culture is superior to others. The suit, filed by teachers and parents in Lake County, is the latest in a string of controversies to hit the five-member school board since the election of three members who pledged to return education to traditional

 A Korean man has been found dead on Mount McKinley in Alaska. Kee Won Kim, 27, of Pusan, had volunteered to help rangers patrol the 20,320-foot peak.

• Its Michael Heyman, a lawyer and former chancellor of the University of California, has been selected as secretary of the Smithsonian Institution in Washington. Mr. Heyman, the first nonscientist to lead the museum and research complex, replaces Robert McC. Adams.

lawyers for years ran a "special projects" division within the putatively independent Council for Tobacco Research, steering grants to favored scientists whose research might be used to defend the industry from legal attack. Documents from the files of Brown & Williamson Tobacco Co. show that a sainterific advisory heard at Williamson Tobacco Co. show that a scientific advisory board of outside experts was bypassed. WP, LAT, Remers, AP

#### Anti-War Past Blocks Nominee's Senate Approval nomination is in serious trouble ized U.S. internal differences over rights," contended Mr. Kerry, de-

By Helen Dewar Washington Post Service

WASHINGTON - Political Senate, threatening the ambassadorial nomination of a former antiwar militant, Sam W. Brown Jr.

Mr. Brown's supporters failed to break a Republican-led filibuster against naming him the head of the U.S. delegation at the Conference

backers remained 4 short of the 60 votes needed to invoke cloture and force the issue to a vote. Without cloture, a measure rarely voted, dehate in the Senate can be limitless.

By R. Jeffrey Smith

Washington Post Service

crime groups have made substantial inroads

in the United States, engaging in such activi-ties as tax fraud, insurance scams and drug

trafficking, according to the FBI director.

Mr. Freeh told a Senate panel this week

that the rapid growth of these groups posed

"a mounting threat to the safety and well-

He also warned that the groups could

"Such stolen weapons could be sold po-

tentially to terrorists who could use them

against the United States and other coun-

tries," Mr. Freeh said. "We have all been

fortimate - maybe lucky is a better word -

that there apparently have been no nuclear

He added, however, that an international

probe was under way into a possible theft from the St. Petersburg area of two kilo-grams (about 4½ pounds) of highly-enriched

uranium capable of being used in a nuclear weapon. That is less than one-third the amount needed to fashion a crude nuclear

obtain nuclear weapons materials or a nucle-

Louis Freeh.

being" of Americans.

WASHINGTON - Russian organized

crat of Massachusetts, who helped lead the fight for Mr. Brown's confirmation, said another vote to end differences from the Vietnam War the filibuster is possible after Conhave reappeared to deadlock the gress returns June 7 from its Memorial Day recess. If at least one more Republican breaks ranks. three Democrats of the four who voted to sustain the filibuster are prepared to switch and bring the issue to a vote, Mr. Kerry said. Democrats who voted Wednes-

on Security and Cooperation in Eu-rope. day against ending the filibuster were Sam Nunn of Georgia, the With the Senate voting 56 to 42 on Wednesday in favor of ending the delaying factics, Mr. Brown's Bob Kerrey of Nebraska and Ben Nighthores Carmbell of Colorado. Nighthorse Campbell of Colorado. Senator Hank Brown, Republi-

munity.

can of Colorado, who led the opposition, said he believed another vote was unlikely because, even if Senator John F. Kerry. Demo- the filibuster were broken, the the bitter feelings that character- exercise of his constitutional teer programs.

the governmental affairs permanent investi-

gations subcommittee prefaced his un-nouncement that the FBI would soon open

its first office in Moscow to forge anti-crime

links with the Russian law enforcement com-

new threat to U.S. security come at a time

when federal intelligence-gathering and law

enforcement agencies are under pressure to

trim their budgets and develop new missions

As part of a new effort to cooperate with

begin FBI training of Russian police officers

in techniques for fighting organized crime. He also said he planned to establish a joint intelligence data base and install secure com-

munication links to exchange leads on such

Details of the new cooperation effort are to be discussed when Mr. Freeh travels to

Moscow next month with senior officials of

the Treasury Department. State Department

and the Drug Enforcement Administration.

The FBI chief said the "template" for such

cooperation was a 1981 arrangement with

Italy that has sent hundreds of Mafia figures

Seated near Mr. Freeh at the hearing

to prison in both countries.

sia, Mr. Freeh said he was willing to

in the aftermath of the Cold War.

This move and Mr. Freeh's deniction of a

He claimed at least 53 "clearly the Vietnam War, with Republicommitted votes" against confirmation. cans attacking Mr. Brown's views and his lack of military experience Mr. Brown's appointment as and Democrats defending his re-

head of the U.S. delegation to the cord as a principled crusader. Conference on Security and Cooperation in Europe is not subject to in the outcome, not just because Senate approval. But without Senate confirmation, he will not have because the president himself was status as an ambassador, a rank an opponent of the war and manenjoyed by his predecessors and his aged to avoid military service. European counterparts in the orga-

If the Senate rejects the nomina-tion, President Bill Clinton would have to decide whether to keep Mr. said Senator Robert C. Smith. Re-

Brown on the job without ambassadorial status. "He can do the job without it."

Mr. Kerry said. The debate echoed with many of

Russian Crime Gangs Threaten U.S., FBI Chief Says

Mr. Clinton has a political stake

Mr. Brown was his nominee, but nization, which is based in Vienna. block communism and should not now be put in a position to "deal with the world after communism,"

publican of New Hampshire, accusing the administration of slighting veterans in favor of war protesters.

"The U.S. Senate should not lynch a nominee on the basis of his administers U.S. domestic volun-

this year. He said, for example, that the FBI from Central Asia. had evidence that Russian emigres were working with Cosa Nostra organizations to months, his organization had investigated 47

control the illegal, untaxed sale of 50 million - criminal cases involving radioactive materigallons (190 million liters) of gasoline a als, including nine alleged thefts of highly-month, costing the Treasury S7 million a enriched materials of the sort needed for

import-export companies conducting busi- nized crime groups," he said this danger

pleaded guilty to the fraud, including two Freeh's warnings on the potential for trade in

ness in Eurasia and to an organized crime should be taken more seriously.

Mr. Freeh's blunt warnings at a hearing of wednesday was the top Russian official Mr. Freeh also noted that a Russian emi-

Deputy Interior Minister Mikhail K. Ye-

gorov, who confirmed and enlarged on Mr. Freeh's warnings about the threat to Ameri-

According to information reaching Mos-cow, Mr. Yegorov said, 24 Russian organized

crime groups were operating on U.S. territo-

les, Miami. Chicago and New York, He said

they were involved in "money laundering.

Mr. Freeh said FBI probes of "Russian-

/Eurasian" organized crime and racketeer-

ing had increased from 13 in 1992 to 35 early

this year. He said, for example, that the FBI

Profits from the scheme were funneled to

figure in Moscow, Mr. Freeh said. He added

that 18 individuals and three companies had

people hunted down in Russia and returned

to the United States.

illegal money transactions and narcotics.

principally in San Francisco. Los Ange-

system" and eventually became "a full-fledged American capitalist and "the vice president of a shoe company." A key point of dispute was a 1977 interview in Penthouse maga-

scribing Mr. Brown as someone who always worked "within the

zine that quoted Mr. Brown as saying. "I take second place to no one in my hatred of the intelligence

Mr. Kerry quoted Mr. Brown as saying the quotation "does not accurately reflect his views now or then" and was made in reference to a controversy at the time over CIA involvement with the Peace Corps, which he oversaw as head of AC-TION in the late 1970s, ACTION

operating in the Baltic states was convicted three years ago in a medical insurance billing scheme that netted \$50 million. He said FBI

data "clearly indicates" that Russian emigrés

were laundering millions of U.S. dollars "that originated as rubles" and in some cases stemmed from criminal activities.

States is not alone in providing fertile ground

for Russian criminals. He said 47 organized

groups were operating in Germany and 60

groups in Italy, often banding together with

local criminals to commit extortion, fraud or

provide a conduit to the West for narcotics

While only one such theft involved "orga-

Hans-Ludwig Zachert, president of Ge

many's Federal Criminal Police, echoed Mr.

nuclear materials from the former Soviet

Union and Eastern Europe.

According to Mr. Yegorov, the United

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## Key Accord on Haiti Embargo Island Neighbor Vows to Plug Border Leaks

can Republic — The Dominican tide, to return to power. The miligovernment has promised to shut tary deposed Father Aristide in a with Resolution 917 of the Security its border with Haiti in support of the United Nations embargo against that nation's military regume, according to U.S. and UN

The Dominican commitment held out the prospect that the biggest leak in the embargo would be closed, limiting the supplies avail-able to Haiti's military leaders, who are defying the international com-munity. Without Dominican coopcration there is little chance that the UN sanctions will work.

Dominican officials made the commitment Wednesday in a meeting with the UN mediator, Dante Caputo, and the new U.S. envoy ins ask the butler... for Haiti, William H. Gray 3d. The United Nations imposed 2 sweeping new embargo, effective midnight Saturday, to pressure the

military leaders to allow Haiti's

bloody coup in September 1991.

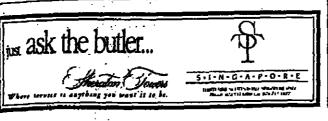
Earlier embargoes of Haiti have proved ineffective because large amounts of goods, especially fuel, were smuggled from the Dominican Republic. The two nations the ideal of Historials.

to fully support the embargo.

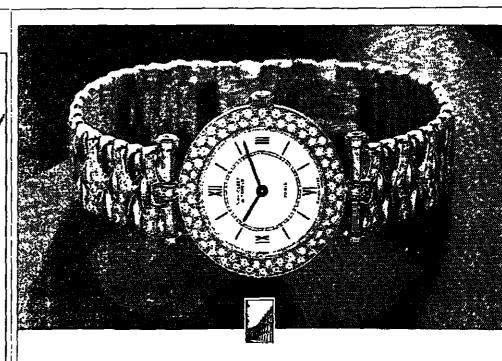
Compiled by Our Staff From Disputches democratically elected president, assured us that the Dominican Re-SANTO DOMINGO, Domini-Council of the United Nations,

share the island of Hispaniola.

After the meeting all of the participants said it had been cordial, and U.S. and UN officials said the which much of the smuggled fuel Dominican government had agreed and other contraband goods pass. He said that oil was coming into "President Joaquin Balaguer has Haiti. (Rewers, AP)







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#### I Page 4

## Singapore Fears a Chinese Upheaval

By Michael Richardson nternational Herald Tribune

SINGAPORE — Continued U.S. pressure on human rights could contribute to a breakdown of order in China that would drive millions of Chinese to seek refuge overseas, Lee Kuan Yew, Singapore's senior minister, said

Reflecting a fear that is shared by virtually all other East Asian countries as China copes with major problems in changing from a centrally planned economy to a market-based one, Mr. Lee said that any upheaval in China could result in "at least" 20 million Chinese refugees.

"With the right of emigration a centerpiece of the U.S. human rights movement, this will be an enormous problem for East Asian countries and also for America." Mr. Lee said.

He spoke just hours before President Bill Clinton announced his decision on renewing most-favored-nation trade benefits that allowed China to send more than \$31 billion in exports to the United States in 1993 at the lowest tariffs.

" Last June, Mr. Clinton said he would revoke those trade privileges this year unless China made "overall, significant progress" on seven human rights issues, including easing emigra-tion, freeing political prisoners and ending re-pression in Tibet.

Mr. Lee said it was a bad idea to link human and Canada, and Australia and New Zealand. rights and trade issues.

The best way to improve human rights in its society through investments, trade and tourism," he said.

Mr. Lee said that on the issue of human

rights, the influence of Asian. African and Latin American countries would weigh more heavily with China than the influence of the West.

"U.S. human rights groups can continue publicizing and shaming China for its cruel and repressive treatment of Tibetans, and political dissidents, and all its other failings," he said. But he added that China would "truly change

only when its leaders are convinced that their conduct diminishes them, not with Americans and Europeans whom they consider cultural upstarts, but with other Asians, Africans and Latin Americans, peoples they identify with and want to be a leader of." Even then, Mr. Lee said, China would

"change in its own way."

He warned that if China was "seized by economic, political or social upheavals, the repercussions will be great, affecting all of East Asia and all industrial nations."

Mr. Lee noted that during every major disorder in China in the last 150 years, there were massive outflows of Chinese people into South-east Asia, the west coasts of the United States

East Asia also has a strategic stake in ensuring that China cooperates in settling major China is to open up its economy and therefore security problems, such as North Korea's attempts to develop nuclear weapons. Mr. Lee said the United States shared this interest.

He added that, as the Chinese economy grew in coming decades, Bening might be able to develop a blue-water fleet to project its power across the oceans.

"Before then, America, Japan and the other countries of East Asia should engage China and help it recognize that any resort to force would alter the trade and investment climate and damage China's growth." Mr. Lee said.

Asked why the United States should commit its military to help maintain a balance of power in the Asia-Pacific region when he and some other Asian leaders said that their countries were incompatible with America, Mr. Lee replied: "We do not say that we are culturally and politically incompatible with America. What we do say is that we cannot be what your human rights groups want us to be, pale copies of America culturally and politically."

Despite objections from Mr. Clinton over Singapore's recent caning of an American teenager, Michael Fay, for vandalism, Mr. Lee indicated that relations with the United States continued to rest solidly on mutual economic



SHAPING UP — A soldier working out on Thursday at a barracks near Tiananmen Square in Beijing. Security has been tightened ahead of the fifth anniversary of the June 1989 crackdown.

## Vietnam and U.S. to Set Up Diplomatic Missions

By George Esper

... HANOI - Vietnam and the United States have agreed to establish diplomatic missions. "an important step toward the normalization of relations," the Foreign Ministry announced

The agreement comes more than 20 years after the two countries fought each other in a war in which 2 million Vietnamese and nearly 60,000 Americans died.

The Foreign Ministry said in a statement that the U.S. assistant secretary of state for East Asian and Pacific affairs, Winston Lord, and the Vietnamese deputy foreign minister. Le Mai, had "exchanged letters concurring in the establishment of representative offices in their respective capitals.

It did not say when the offices would open, but other officials have said the offices would

handle trade and business, tourism, culture and help in the fullest possible accounting of the 2.233 Americans still listed as missing in action

Vietnam lists 300,000 of its soldiers as miss-

The Clinton administration has made the establishment of diplomatic relations contingent on Vietnam providing more information on MIAs and on improving its record on hu-In Washington, the State Department

spokesman, Mike McCurry, said Thursday that the date for opening the offices will depend on implementation of an agreement to return each other's diplomatic properties. "This office should facilitate progress on all issues of concern, particularly POW-MIA accounting," he diplomats and other personnel.

open in two to three months. A spokesman said he had no additional details.

Vietnamese officials said the offices would services for an increasing number of Americans in Vietnam and advance our human rights dialogue."

President Bill Clinton announced plans to

establish the liaison offices when he lifted the 19-year trade embargo against Vietnam on Feb. Since then relations between the countries have steadily improved.

Mr. Lord is scheduled to visit Vietnam in late

June for the second time in six months.

The only official U.S. presence in Vietnam is the U.S. MIA office. Twenty-two Americans work there, including military and civilian spe-cialists, and three low-level State Department representatives. Vietnam's only presence in the United States is a mission at the United Na-tions in New York which is headed by an

Each mission will be staffed by 10 to 20

#### A Thai Whodunnit: Which Lawmakers Are Accused of Drug Dealings? firmed that a second member of the Thai Parlia-

By Philip Shenon

New York Times Service

BANGKOK - Parliamentary sessions in Thailand have degenerated into a jittery guessing game as lawmakers struggle to figure out who else among them has been labeled a drug dealer by the U.S. government.

One member of Parliament was forced to resign this month after a federal court in California unsealed a 1991 indictment in which he had been charged with smuggling more than 45 tons of marijuana into the United States. His assets in the United States, including a home in Beverly Hills and a Mercedes-Benz, were seized under a

Last week, the U.S. embassy in Bangkok con-

ment was refused a visa in March because there was "reason to believe" that he was "involved in

illicit narcotics trafficking."

The legislator. Mongkol Chongsutthamanee, had appeared on the floor of Parliament in tears to insist that he was not a drug dealer and that he had never been barred from entering the United

Thailand is a major international transshipment point for drugs, especially for opium grown

The involvement of prominent Thai politicians and military commanders in the drug trade has long been known. The U.S. State Department said in a recent annual survey that efforts to

control drug trafficking in Thailand were hindered by the narcotics involvement of some

More names are likely to surface soon. According to newspaper accounts in Bangkok, Foreign Minister Prasong Soonsiri told colleagues at a cabinet meeting last week that at least nine other members of Parliament and seven former members - all associated with opposition parties - were suspected by the United States of involvement in narcotics.

His accusations led opposition members to walk out of Parliament in protest. When they returned, they said his assertions were intended to embarrass the opposition, and some lawmakers demanded that the foreign minister resign unless he made the list of names public. "All of us politicians have to hide our faces in a bin." said Pairote Suwanchawee, an opposition

By week's end, the charges had taken a bipartisan tone after news reports linked three other lawmakers to the drug trade. This time the tar-

gets are part of the governing coalition and include a deputy minister. U.S. diplomats said that while they had not presented the government with a list of legisla-tors suspected of drug charges, evidence com-

piled by prosecutors and drug agents in the United States showed that several are involved.

"And over time, some of that evidence has been passed along to the Thais," a U.S. official

Some allegations go beyond lawmakers to their families. Interior Minister Chaovalit Youg-chaiyut stepped forward last week to say he might take legal action against politicians who tried to link his wife, a prominent business figure, to a major heroin case in Los Angeles.

Mr. Mongkol, the legislator linked to narcotics trafficking by the embassy, was a close side to another legislator, Narong Wongwan, who nearly became prime minister two years ago but lost his chance after it was disclosed that he, too had been denied a visa to the United States because of drug allegations

## U.S. Hotel Where Rao **Stayed Pays** Bias Fine

The Associated Press

BOSTON — A luxury hotel will pay \$70,000 and allow the state to monitor its minority hiring practices to settle a discrimination complaint by employees who were kept from serving the prime minister of

The Four Seasons Hotel in Boston admitted that it allowed only white employees to serve P.V. Narasimha Rao during his stay May 16, but said it was complying with a request from Mr. Rao's security team. The Indian government denied making the request.

The Massachusetts Commission Against Discrimination could not corroborate the hotel's claim, out also found that the hotel did not discriminate on three other occa-sions as alleged by workers.

The hotel agreed Wednesday to pay the fine, and said the manager who kept the workers away from the prime minister would be disci-plined. The commission will use the \$70,000 to monitor the hotel for a year and train its employees and other Boston area employers in fair-employment laws.

The hotel's general manager has apologized and said the hotel would resuburse the workers \$179 each for lost tips.

#### **Father Wins Case Against Ireland**

STRASBOURG, France - The European Court of Human Rights ruled Thursday that Ireland violat-Ed the rights of a father whose child born out of wedlock was put up for adoption without his knowledge or consent.

The court ruled that Irish law

violated the right of Joseph Keegan to a family life and deprived him of a fair public hearing for custody of his daughter. He and the child's mother separated shortly before their daughter was born. The moth-er later offered the child for adoption United trish law, she was not required to inform the father because they were not married.

The court ordered Ireland to pay

the father 10,000 Irish punts (\$14.780) for the "training, anxiety and feelings of injustice" he suffered in his unsuccessful attempt to win enstody of the child. The court also ordered him be paid 44,863 Irish punts to cover his legal costs and fees, minus funds already ad-

## Vietnam, Pressured, Frees Political Prisoner

The Associated Press HANOI - A Vietnamese jailed tralia said. newspaper articles critical of the Communist government has been released and has gone to Australia

eign Minister Gareth Evans of Austian and U.S. demands that Viet-

Quach Vinh Nien is the first

to join his wife and daughter, For- apparently was a result of Austra-

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#### Russia Military Satellite Envoy Says Russia Doubts North Korea Has Atomic Weapons Lost a Day After Launch

The Associated Press nam improve its human rights re-Mr. Evans said Mr. Nien arrived

known political prisoner to be in Australia on May 11 after being freed in recent times. His release released from prison earlier this released from prison earlier this year. His wife and daughter are both Australian citizens.

Mr. Nien was arrested in 1978 and sentenced in 1980 to life imprisonment on charges of anti-gov-

MOSCOW - A military satellaunch from the Piesetsk Cosmodrome in northeastern Russia, the Itar-Tass news agency reported Thursday.

The report said the Cosmos-2281 satellite was launched Wednesday aboard a Tskilon-3 rocket. The sat-

## The Associated Press

SEOUL — The Russian ambassador to South Korea, Georgi Kunadze, said in an interview published Thursday that North Korea did not appear to have built any atomic arms, despite U.S. fears to

the contrary. "Russia does not believe that

Mr. Kunadze. Russian deputy foreign minister before being posted here, said North Korea should abide by all obligations imposed on it as a signatory to an international nuclear safeguards accord.

North Korea has developed nuclear weapons," Mr. Kunadze said in Nuclear Nonproliferation Treaty

refused to allow full inspections of its nuclear installations as the treaty requires, raising fears in the West that the North Koreans were secretly building atomic arms.

The North's refusal to allow full inspections has deepened suspicion

an interview with the newspaper in 1985, announced last year that it might be developing nuclear weap-Chosun Ilbo. was quitting the treaty, but sus- ons, despite its repeated denials.

faulted North Korea for blocking full inspections and said Russia would not provide nuclear technol ogy to the North

Mr. Kunadze also renewed a Russian proposal to convene a multilateral forum to resolve the that the hard-line Marxist state dispute.

#### **BOOKS**

THE NORWAY CHANNEL: The Secret Talks that Led to the Middle East Peace Ac-

By Jane Corbin. 213 pages. \$22. Atlantic Monthly Press.

Reviewed by

Benjamin Frankel

THE evolving accommodation between Israelis and Palestinians is a dramatic and moving story. Two peoples, burdened with painful histories and an acute sense of grievance and deprivation, both laim the territory between the Jordan River and the Mediterranean Sea as their national home. After decades of war and agony, the lead-

promise and reconciliation. The implementation of this com-

ustifiably worned about their security. Palestinians have to reconcile themselves to a circumscribed expression of their nationhood. In adlition, religious zealots on both sides reject the reconciliation between the two communities. Among the groups vying to destroy the peace process are the Islamic fundamentalist Hamas movement and the the West Bank, many of whom are from Brooklyn, disciples of the rac-ist Rabbi Meir Kahane. "The Norway Channel does not do these

complexities justice.
What first alerts the reader that

#### erships of the two peoples have this cannot possibly be a serious concluded that it is time for comauthor's style. If the BBC reporter Jane Corbin has missed any cliche in promise is complicated. Israelis are the English language, it is surely not for lack of trying. She seems consti-tutionally incapable of using a noun without preceding it with a flowery adjective or a verb without qualify

ing it with a gushy adverb. The re-sult is a gooey, syrupy prose that manages to combine wide-eyed naveté and cloving sentimentality. There is in addition an air of earnest enthusiasm to the book usufanatics among the Jewish settlers in ally found in the journals of a prethat she has watched too many B movies; unfailingly - and unbelievably - all the important decisions, all the crises in the negotiations and

> breakthrough even if it were agreed to during business hours. causes her to mislead in small things and large. Here is a small example: She describes Prime Minister Yitzhak Rahin as having a "military bearing." Now there are many adjectives one may use to

Andrew Laird, head of the hu-

and physics without having to consult a text book." (Michael Kallenbach, 1HT)

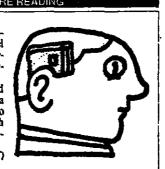
the resolutions of these crises always occur in the wee hours. It never crosses the author's mind that an agreement between Israelis and Palestinians would be a dramatic Corbin's gushy imprecision

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manities department at the Havel School in Berlin, is reading "Genius: The Life and Science of Richard Feynman" by James Gleick. This biography of Richard Feynman has turned out to be a very absorbing read. It is easy to follow the events of postwar math



ed, suspicious, irritable - but no impressive development of Israel's one familiar with Rabin - with his military industries, initiated the inshuffling gait, halting speech and nervous habits - would ever mistake his demeanor for anything re- an ardent supporter of Moshe Da-

sembling "military."

Corbin's ignorance of history leads her to make more serious mistakes. For example, she describes Foreign Minister Shimon Peres of Israel, as "a man who had consistently pursued pease (sic!) with his Arab neighbors." In fact, the oppofrom the late 1940s to the late 1970s - Peres was a leading hawk within the Israeli Labor movement. In the

timate military cooperation between Israel and France, and was yan's hawkish policies. Peres, ever agile and creative, moved steadily to the dovish wing of Israeli politics since the late 1970s, but for most of his career he was on the other side.

The book's juvenile quality. however, is exhibited not only in its style and imprecision. Its underlying thesis is even more ludicrous. According to Corbin, the historic peace between israel and the Palestinians happened because a group describe Rabin — I prefer tense. 1950s he launched the Israeli nucle-brooding, cerebral, shy, introvert- ar bomb program, orchestrated the gian individuals happened to this for The Washington Post.

LUWIN

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"click" (her word, endlessly repeated) while meeting in ornate Norwegian guest houses, drinking good wine and eating baked salmon and steamed potatoes. The author dwells so much on the guest houses' and hotels' furniture, interior design and architecture, on the weather and landscape, on the drinks and food consumed by the negotiators, and on the participants' mood swings, that not much room is left for the truly important story -an assessment of the histo-

ry and politics of the peace process.

The Israelis and the Palestinians are trying to put an end to a history of violence and terror, of occupation and subjugation, of suspicion and mistrust. Their effort may yet tail. One thing is sure, though: Whether these worthy efforts succeed or not, it will have nothing to do with the quality of the accommodations and the manner in which the potatoes are prepared in a faraway place. The success of Israeli-Palestinian peace will be determined by the yearnings of suffering and exhausted peoples and the manner in which their leaders exercise their responsibilities. That story is yet to be written.

Benjamin Frankel, co-editor of

By Alan Truscott ERRY GOLDBERG, Bob Jaffe, Jane Dillenberg, Nancy Kalow and Jeff Rothstein, won by more than 90 imps against a strong group led by Charles Reich of Manhattan, in the prestigious Von

Zedtwitz Double Knockout Team

Championship.

transfer response to one no-trump. This would succeed with normal breaks, but Goldberg as East was happy to double. South won the spade lead with the ace and led to the heart king, confirming his sus-picions about the bad split. He then tried the queen and another club, hoping for tricks in that suit. East ruffed and led the spade jack Rothstein as West overtook with the queen and shifted to the diamond jack. This was ducked to South, who won and led a high club, throwing a diamond from the dummy. East ruffed and led the heart queen, and the closed hand was not useless. South had to lose one more trump trick and two diamond tricks, for a penalty of 800, a The bid heavy punishment for reaching a

normal contract In the replay Dillenberg opened one club with the South hand, and West tried to take advantage of the

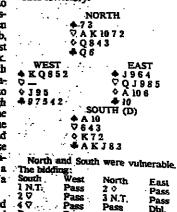
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vulnerability by jumping to two spades. Kalow bid three hearts as North, and East tried to apply pressure by bidding four spades. Per-haps he feared an opposing fiveclub contract, unaware that his partner held length in that suit.

Four spades was doubled and could have been defeated by two tricks after a passive lead. But after In one room, as shown, North-South reached four hearts after a West was able to escape for down one by establishing a heart trick in the East hand. The result was a gain of 14 imps to the Goldberg team en route to victory.



West led the spade king

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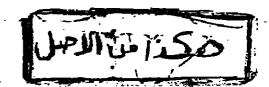
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## In Sicily, a Liberation Chapter the Allies Won't Note

By John Tagliabue New York Times Service

VILLALBA, Sicily - Biagio Plumeri sits at the desk of the man a lot of people around here regard as a key to the Allies' speedy occupation of Sicily in World War II.

Mr. Plumeri, 55, a tomato farmer who has been part-time mayor on and off since 1967, is not much troubled that President Bill Clinton will not stop at Villalba in June when he visits Italy to help celebrate the 50th anniversary of the liberation of Rome by

Mr. Clinton, who will attend the D-Day commemorations in France, plans to visit Antio and Nettuno, the beaches between Naples and Rome where Allied forces came ashore on the Italian mainland in Janu-

But the Allies actually stepped into Europe six months earlier, on July 9-10, 1943, when American soldiers of General George Patton's 7th Army and British troops of General Sir Bernard Montgomery's 8th Army made amphibious landings from North Africa along the beaches of Sicily's southern coast. A month later, the island was in Allied control. We don't really mark the day," Mr. Plumen

The mayor has other problems. His town of 2,300 is nearly bankrupt; tomatoes have replaced lentils as the stock crop of this hardy farming community in the lush garden that is central Sicily, but the change-over is an uphill struggle; and there are the prepara-tions for the annual Feast of the Tomato, celebrated those who remember, sitting in the sun on benches around the town's main piazza and dressed in the customary soft peaked caps, or al history is at best an meb. a nearby farming village.

in August. Villalba's moment of glory came in 1943 because of one of Mr. Plumen's predecessors, a prosperous local farmer named Calogero Vizzini, known locally as Don Calo. Mussolini's Fascists hated him; the American invaders named him mayor, and most people around here say he was considerably more than just a footnote in the history of the invasion.

"They came up Route 121 from Caltanissetta, armored vehicles, jeeps," Mr. Plumeri recounted, mixing childhood memories with what older folks had told him about that sunny day. "One tank was hit near the turnoff when the Germans took them under fire, and a soldier died.

One guy took a white sheet and fixed it to a pole. and we all walked out, even us little kids, like a parade," he recalled, "They only stayed 24 hours, and then pushed on to Palermo. But they named Don Calo mayor."

Don Calo, he said, had established his fortune in the town in 1922, before the Fascists came to power, when he led disgruntled peasants who grabbed land from the aristocratic absentee landlords.

Every peasant got a plot, he said, but Don Calo, with characteristic forethought, kept more than 12,000 acres (4,800 hectares) for himself. Among mexact science.

But Don Calo is recalled as a kind of Gandhi, a St. Francis in baggy high-rise trousers and suspenders.

"Don Calo was a magnanimous person, a good man, not vindictive, despite the many outrages committed," said Giuseppe Selvaggio, 72, who deserted his Italian Army unit in Rome at the twilight of the war and walked 40 days home to Sicily.

For decades after the war, Villalba's politics were rock-solid Christian Democratic, though in the last elections the majority voted for Silvio Berlusconi. the magnate-turned-politician who is prime minister of a rightist coalition that includes neofascists for the first time since the war. But no one ever much liked the Fascists around Villalba.

Salvatore Sferazza, a 70-year-old war veteran. carned general consent of his listeners when he observed: "The laws Mussolini made were good. But it was the local Fascists who were had? When Don Calo died in 1947, a death notice lauded him: "He received from friends and foes alike, that most beautiful of all tributes: He was a

gentleman. Indeed, dozens of anti-Fascists like Don Calo were named mayors when the Americans arrived in

But in 1974, an Italian parliamentary commission investigating the resurgence of organized crime concluded that at the time of his appointment during the American 7th Army's one-day visit to Villalba. Don Calo had probably been the boss of all bosses of the Mafia. Genco Russo, who later succeeded him, was at the time his No. 2.

When the black market sprouted in postwar economic confusion, the commission report said, Don Calo's men ran il.

When the Communists held a rally in Villalba in September 1944 that ended in a shoot-out and the flight of the local Communist leader, it was Don Calo who probably sent in the gunmen, the report

Not that any of this escaped notice of the Allied

In his book, "Crime in America," Senator Estes Kefauver wrote how in the course of investigating organized crime in the United States, he found indications that American intelligence agencies used Maliosi to contact anti-Fascist figures in Sicily before the invasion. That could explain why Sicily fell

point, mortar fire was so heavy that

doctors were unable to reach 20

people who had gathered outside the hospital for treatment.

only working medical center in Ki-

gali. Mr. Sundin said the main Ki-gali hospital had been abandoned

by its staff several days ago, after

mortars killed 30 patients. Al-

though the Red Cross has not been

able to visit the hospital, Mr. Sun-

din thinks there are as many as

2,000 patients who have been aban-

to the United Nations or relief

workers, officials think the massa-

have been seen floating down riv-

the capital, hundreds have been

wounded, and tens of thousands of

stranded throughout the country,

are still at risk from the Rwandan

Although the army retreached to

army appears to have a vast supply of weapons and is well deployed. It

does, however, have a limited sup-

Though most of the government-

doned there.

The Red Cross hospital is the

## Senior Iraqi Envoy Fighting in Rwanda Hampers UN Aid

# Is Expelled by U.S.

Activities Violated Accord

Washington Post Service
WASHINGTON — Iraq's senior diplomat in Washington has been expelled from the United States for repeated violations of the agreement that allows Iraq to maintain a diplomatic presence

here, according to State Depart-

ment officials.

The diplomat, Adnan Malik, attempted to lobby members of Congress, sent out news releases esing an end to the United Nations economic embargo against his country and hired and fired staff members without notifying the State Department, all actions that were specifically prohibited, the U.S. officials said

Mr. Malik's expulsion was not announced, but the State Department confirmed the move when asked about it.

Transferred to Washington in February from Iraq's UN mission, Mr. Mahk began violating the rules within days of his arrival, according to a State Department official who monitored his activities. He routinely circumvented regulations that his predecessor had complied with for three years, the official

Mike McCurry, the State De-partment spokesman, said Mr. Mation as a full-fledged diplomat." although he was permitted only to provide consular services, such as issuing visas and renewing pass-ports of Iraqis in the United States.

The United States and Iraq have not had diplomatic relations since the beginning of the Gulf War in 1991. As is common in such cases, the two countries permit each other to maintain limited diplomatic mis-sions under the flags of other na-tions. The United States has an office in Baghdad under the flag of Poland, while the three Iragis stationed here are under the "protec-

By Paul Lewis

New York Times Service

York — Senior Russian officials said Thursday that Moscow wants Security Council permission to

quickly deploy a peacekeeping force of several thousand troops

from Russia and other members of the Commonwealth of Independent States for a period of up to six

months in Georgia. They would re-inforce a fragile cease-fire there

and oversee the return of thou-

sands of refugees from the civil war

in Georgia.
As a result of the Russian re-

UNITED NATIONS, New

By Thomas W. Lippman tion of the Algerian Embassy. Iraq and other countries without embassies in Washington, such as Vietnam and Cuba, have fullfledged diplomatic missions in New York. Their envoys there are allowed to operate freely, although Washington often restricts their

travel outside the New York area. Iraq is free to replace Mr. Malik in Washington but has not done so. ■ Payments to War Victims

A special United Nations body on Thursday approved first compensation payments, totaling \$2.7 million, to victims of Iraq's occupa-tion of Kuwait in 1990-91, Reuters reported from Geneva.

Carlos Alzamora, executive secretary of the UN compensation commission, said the awards would go to 670 individuals or families in 16 countries who made claims for personal injuries or death of close

"This is a first step that should restore the faith of the millions around the world who are waiting for their turn to be compensated, Mr. Alzamora said.

He said the total payment, the bulk of which would go from the compensation fund administered by the commission to claimants in it and Jordan as well as Sri Lanka and Britain, would be made through governments in the next

The fund is drawing on money from Iraqi assets abroad that were frozen after Baghdad's forces invaded Kuwait in August 1990, as well as voluntary contributions from donors, including Saudi Arabia and the United States.

But Mr. Alzamora said that meeting the first installments of the next two categories of claims later this year would require "around \$150 million that the compensation fund does not currently possess."

Russia, Britain, France, Germany and the United States, diplomats

cautious assent to the operation

by Deputy Foreign Minister Boris Pastukhov and Colonel General

Russia Asks UN to Back Move in Georgia

Although the Russian team, led last year to rescue President y Deputy Foreign Minister Boris Eduard Shevardnadze's belea-

Georgi Kondratyev of the Defense Abkhazi rebels, compelling him in

Ministry, gave no date for the de-ployment, Western diplomats deeply into Moscow's sphere of in-formed the impression that they want to send in the troops in June. To allay fears that Russia may

were caring for more than 300 wounded but that the staff had



Prime Minister-designate Faustin Twagiramungu of Rwanda in Paris on Thursday. He assailed the United Nations for not acting.

Continued from Page 1

sive. Hungary raised a problem by

insisting that representatives of the

Hungarian minorities in Romania

and Slovakia be included in the

talks. Romania refused, diplomats

sition of minorities can be reached

without consulting them or without

known as the Friends of Georgia, aroused apprehension among the Council to raise from 22 to around which consists of representatives of now independent former territories 200 the number of UN military of the Soviet Union. There are fears observers deployed in Georgia and

Russia, Britain, France, Germany of the Soviet Union. There are fears and the United States, diplomats it could set a precedent for renewed say the council is likely to give its Russian military interference in ar-

guered government from separatist

The plan for a CIS peacekeeping harbor secret imperialist ambiforce in Georgia, expected to be tions, diplomats say the Friends of predominately Russian, has Georgia group wants the Security the CIS operation, however.

Russia sent forces into Georgia

cas Moscow once ruled.

"No agreement affecting the po-

By Donatella Lorch

New York Times Service NAIROBI — The heavy fighting in Kigali has made it impossible to distribute food to tens of thousands of people stranded in the Rwandan capital, relief officials say.

Only a couple of UN cargo flights have been able to land at the airport in recent days, and UN troops have not been resupplied for several days, said Roger Carter of Unicef, part of a three-member UN relief team in Kigali that just arrived in Nairobi.

The United Nations estimates that there are 50,000 to 70,000 people still in the capital. In the past few weeks, the United Nations has been able to reach only about 12,500 Rwandans hiding in churches, hotels, orphanages and stadiums there.

Now they have access to fewer than 3,000, and relief workers, unable to get to their food warehouses on the front lines, have been able to distribute only high-protein bis-

"It's quite a desperate situation in Kigali," Mr. Carter said. "People are hungry now. We're going to see malnutrition. We can't get to most areas because of the heavy fighting. Nine out of 10 times we get caught

in the crosslire. The situation will In Kigali on Wednesday, the hospital operated by the Interna-tional Committee of the Red Cross was hit by mortars that killed two of their Rwandan staff members

and wounded several others. An American surgeon. John

France, Spain. Ireland and Britain

under the benevolent eye of the

The stability pact is the brain-

child of the French prime minister. Edouard Balladur, but has been

embraced by the EU as part of its

common foreign policy. The con-

ference at the headquarters here of the United Nations Educational, Scientific and Cultural Organiza-

tion left aside conflicts in Bosnia

and the Caucasus.

countries. Other officials, even in Basque and Irish problems of

in Moscow on May 14, the central the European Union looking east, Georgian government and the Ab-

khazian separatists have accepted a mut Kohl of Germany proposed

cease-fire, the separation of their that potential EU members in East-

forces and the return of many of ern Europe be invited to attend the 200,000 or more refugees forced Union summits. The proposal was

from their homes by the civil war. made in a joint opinion column The Security Council is unlikely Thursday in the daily Le Monde.

Western Europe, privately called it

both the peace plan and the behav-

Under a peace agreement signed

ior of CIS forces stationed there.

10,000 metric tons of corn, beans and oil in seven warehouses on the city's front lines, but they have been inaccessible for more than 10 **EUROPE:** Divergent Security Views Mark Meeting days and have probably been their participation," said the Hun-garian foreign minister, Geza Jes-to President Vaclav Havel of the

looted, Mr. Carter said. Many of those in need of food and water are women and children. More than 500 orphans, mostly un-Czech Republic, pointed to the EU der age 10, have not been resup-plied with food in over a week. Some East European officials states own problems in an intercriticized the Paris conference as view with the French daily Le Fi-More than 200,000 people are in patronizing and even potentially garo, saying: "Can you imagine a dangerous, since it could exacer-roundtable organized in the French need of food assistance on the outskirts of the capital. bate nationalist politics in their Basque country to discuss the

Mr. Carter said there was only one doctor, a Ghanaian peacekeeper, at the airport.

Czechs and the Americans? No. ■ Cease-Fire Talks Planned

A UN envoy ended talks with Rwandan rebels on Thursday, saying the guerrillas had agreed to meet the government army to discuss a cease-fire plan, Remers re-tions would be "unacceptable." ported from Byumba, Rwanda,

lqbal Riza, a UN special envoy, emerged from talks with General would result in re Paul Kagame of the Rwanda Patriotic Front and said: "We had very, ery useful discussions with General Kagame, and we agreed that the two military sides should meet in Kigali on Monday and work out a

process towards a cease-fire." UN officers have cast doubt on the sincerity of the Rwanda Patri-otic Front's agreement to seek a cease-fire given its continuing assault on the capital, Kigali, where they seem to be getting the upper hand in weeks of fighting.

#### **HOLES:** Conclusive Proof Found Continued from Page 1

praised the new findings. "From my point of view," he said, "this is really it. It really hangs together and is very exciting."

For astronomers who were already believers the discovery may have come as an anticlimax. They could not imagine any way other than a black hole that so much mass could be crammed in such a relatively small space.
Last year, John L. Tonry, an

astronomer at Massachusetts Institute of Technology, said, "Astronomers are 99.9 percent sure that black holes exist."

The existence of small black holes, gravitational pits with masses no greater than two or three collapsed Suns, was recently established. Other galaxies with active cores, like the one at M87, were assumed to harbor black holes.

Conditions at the nucleus of the Milky Way, the galaxy that in-cludes the solar system, are much quieter, scientists say, and so it is not clear if it also has a black hole. Still, the actual discovery was

reassuring to the theorists because it seemed to rule out any conceivable alternative explanations for the observed phenomenon, like extremely dense clusters of ordinary

Richard Harms, vice president of Applied Research Corp. in Landover, Maryland, one of the Hubble investigators, said, "If it's not a spent five hours in shelters the day black hole, it must be something even harder to understand with our before as shrapnel came through present theories of astrophysics." He said 40 Rwandan staff mem-Because black holes are invisible

bers had fled in fear and that at one by definition, astronomers have had to seek evidence of their existence through the effects they have on surrounding matter.

One such piece of evidence was the observation that the population of stars grows denser toward the center of many galaxies, especially those with cores generating a blaze absolutely nail it down.

of X-rays and other radiations. They were, it appeared, being sucked in by the black hole's gravitational pull.

Mr. Lauer reported in 1992 that

the increase of starlight toward the Page I center of MS7 was strong circumstantial evidence of a black hole. He conceded, though, that absolute proof would have to await the Hub-

ble repairs. Then it would be possible to get observations of the starlight and swirling gases even closer to the galactic nucleus, which would be sufficiently detailed so that their orbital velocities could be measured. The matter should accelerate almost to the speed of light as it falls in toward the core, if it is filled with a supermassive black hole, he

The space telescope's faint-object spectrograph measured the velocity of the disk's gases by observe it is identiing the difference in wave length the former between the spectrum of light emit- arty. He is ted as it approaches the viewer and there of the the spectrum it emits as it moves: Alliance away on the other side of the whird- e Occhetto pool. The spiraling disk is rotating insidered a at a speed of 1.2 million miles (1.9 f the leftist million kilometers) an hour.

y's recent From this measurement, Mr.

Harms said, the scientists applied ir Berlusstraightforward Newtonian physics r-left polito calculate the mass of the invisi- issing askble central object needed to keep te as the the disk spinning so fast without its flying off in all directions.

They estimated that the mass at of a public the core must be equivalent to that banca, the of 2 billion Suns, perhaps 3 billion. Sanca, the Nothing of that magnitude could be explained by ordinary phenomena, the scientists concluded only to create by a black hole.

closer to the galactic center to see reiale Ita-if, as expected, the velocities would ano, two continue to increase. The new measurements, Mr. Ford said, would after the

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The astronomers plan further nglo-Saxobservations of M87, trying to get nt privativ IRI. He anks any-

#### CHINA: Clinton Ends Rights Link : banks. stors and lian Trea-

Continued from Page 1

Beijing on the jamming of Voice of controlled territory is inaccessible America broadcasts, an issue that had played a role in Washington's assessment of human rights condicres have slowed, and fewer bodies tions. A department spokesman said technical teams from both ers. But as the two armies battle for countries had agreed to "disentangle" frequencies that had resulted in domestic radio interfering with Rwandans, many of them Tutsis broadcasts.

In effect, Mr. Clinton retreated from the rhetoric of his successful 1992 campaign for the White House, in which he accused Presistrongholds in the hills outside Ki-gali, it is unclear whether the city is dent George Bush of "coddling dictators" in Beijing. A more fundaready to fall into rebel hands. The mental Clinton campaign theme creating jobs for Americans and providing "economic security" for the nation — took primacy.

Mr. Clinton's decision was likely Relief agencies have about to be seen as a watershed in U.S. foreign policy, in which the pillar of human rights is retained but "delinked" from trade relations in deference to two other foreign policy pillars: economic security and mili-

human rights as leverage to produce progress on unrelated issues of trade and economic relations

riled many other nations, particu-China has flatly rejected the link-

age as an unwarranted intrusion into its internal affairs, and President Jiang Zemin has suggested that modernizing a nation of 1.2 billion people requires strict social control amid economic liberaliza-

tion.
As late as Thursday morning, China declared that any U.S. sanc-The Chinese had long said that dropping favored trading status would result in retaliatory tariffs

Most-favored-nation trading status, or MFN, is enjoyed by virtually every nation with economic ties to the United States. It allows goods to be sold in the United States under relatively low tariffs. Dropping this status for China would have raised import fees on

all Chinese goods sold in the United States from an average of 3.5 percent to nearly 40 percent, begin-ning in July. Congress could still vote to deny China favorable sta-

tus, or attach conditions to its re-

Many American companies feared that other nations, particularly in Europe, would have stepped into the trading void, carving out a share of the vast Chinese consumer market to the exclusion of American goods and services.

There were fears, as well, in Congress and among security officials that a slap at the Chinese would seriously undermine regional security in Asia, particularly on the question of North Korea's nuclear program. Also handing in the bal-ance were efforts by the Clinton administration to secure Chinese acquiescence on a range of other

matters before the United Nations Security Council, where Beijing has a veto. Economists had reasoned that China, whose \$3! billion in exports to the United States last year ranged from toys and textiles to shoes and assault rifles, would have suffered more in the short term

tary security.

The notion that the United experts also suggested that the United States, which last year sold United States, which last year sold to China nearly \$9 billion in goods to China would have suffered more in the long run. Mr. Clinton's agriculture secre-tary, Mike Espy, had argued, for example, that China was one of the

most important markets for U.S. farmers. Boeing, the big aerospa company that is the largest U.S. exporter, had lobbied vigorously for a renewal of the trade status? fearing it could lose several billion dollars' worth of pending aircraft orders from Beijing.

The linkage of human rights to trade relations came to prominence in the mid-1970s when Congress passed an amendment designed to relax Soviet emigration restrictions. The linkage with China was cemented in the aftermath of the 1989 democracy movement, which was violently crushed by the Chinese authorities.

Human rights groups had been pressing for a voluntary code of conduct for U.S. companies doing business in China, one that would discourage the use of products made with prison labor and political indoctrination in the work-



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## **U.S.-Japanese Fudge**

The trade agreement announced this week by President Bill Clinton and Prime Minister Tsutomu Hata does not obligate Japan to stimplate its economy so as to absorb more imports, or open up markets or settle any other dispute. But it does get trade talks back on track - a welcome reversal after the breakdown in February. Talks should relieve the friction that has focused undue attention on a secondary issue - the \$50 billion bilateral trade imbalance that drives these allies apart, rather than on Mr. Hata's stalled agenda of political and economic

reforms that can pull them together.
'Although Japan's overall trade surplus results from its high savings rate, the imbalance with the United States is in part because of barriers that shut out U.S. exports and investment. Most economists agree that the harm to the U.S. economy is small. But Japan's practices undermine confidence in trade rules and. most important for Mr. Clinton and Congress, hurt powerful constituents - like Motorola in the cellular phone market.

U.S. officials say Japan has pledged to negotiate higher foreign penetration in five

specific sectors and use quantitative criteria to measure success. Japan won a pledge that the United States would not seek numerical targets. Exactly what these pledges mean is un-clear. "Numerical targets," for example, is not defined. Washington uses the term to refer only to targets that would set market shares for foreign goods; that leaves the United States free to demand other types of numeri-cal benchmarks, such as the number of Japanese automobile dealers that sell foreign cars.

The danger is that this type of ambiguity, as so often in the past, will trigger mutual animosity as each country accuses the other of failing to live by its promises. But both leaders need resolution. Mr. Clinton wants to reassure anxious currency traders that he can settle trade disputes with Japan without driving the dollar to lower levels; Mr. Hata needs to prove at home that his fragile coalition can govern. They have good reason to hammer out a series of accords that will give exporters a fair shot at Japanese consumers and thereby end spats over the bilateral trade deficit.

- THE NEW YORK TIMES.

## Health Care, Budget Care

Congress went home on Thursday still trying to figure out how, if at all, to restructure the health care system. With regard to at least one aspect of the problem, cost containment, our own sense is that it has no choice. It has to act somehow; the government cannot afford the system as it stands. No payer can.

Some members of Congress have said in the past that the way to counter health care costs -the federal share, at any rate - would be to impose an entitlement cap. The cap would force the necessary cuts, if not in health care, then in other entitlement programs to make room for health care. The Washington Post has been among those opposed to a cap on grounds that it would be a cop-out - another broad promise to achieve great savings by cutting specific programs in the future instead of cutting them up front. But if Congress fails to provide for such cuts up front when given the chance, if it fails to enact a credible health care cost containment mechanism - well, what is left but an entitlement cap? The cap

becomes harder to resist. There is already a cap on the third of the budget subject to the appropriations process. It is a crude device, but it is working pretty well. forcing the administration and Congress to make choices they would otherwise finesse. Cappers say there needs to be a similar ceiling on the entitlements side of the budget, or else the deficit, so painfully reduced last year, will soon start to rise again.

You can make a lot of arguments against such a cap. Entitlements are a false category. an arbitrary lumping together of unlike programs (although the same can of course be said of appropriations). The word is a euphemism mainly for aid to the elderly in the form of Social Security and the payment of health care costs through Medicare and Medicaid. The health care costs are the ones that are driving the budget. They are the ones that should be contained, and other programs, including the rest of the federal support system for the poor, should not be put at risk because of them. Most cap proposals also leave out tax entitlements — the mortgage interest deduction, for example. Those should be put a risk because of them. be put at risk as well. A cap is also likely to produce not so much genuine savings as shifts. Particularly in health care, costs now borne by the federal government will simply

society; there is a better way. But if Congress won't do the right thing, which is to face up to health care costs directly. then maybe it ought to put a gun to its head in the form of an entitlement cap. The health care problem is also a budget problem. Unless you solve the problem of health care costs, you cannot provide even the health care the country needs. The members need to think about that amid the swirl of pressures back home.

be shifted to the states or private payers. That

reduces the deficit more than it helps the

-THE WASHINGTON POST.

## Blowing a Smoke Screen

kick an opponent who is down. But the sellers of cigarettes, given their history of arrogance and mendacity, provide a target too tempting, and deserving, to resist. So here is a cheer for the state of Mississippi, which is suing 13 eigarette manufacturers for the cost of medical programs that support victims of smoking-related illnesses. The tobacco industry, a resourceful oppo-

nent, is of course hitting back - with a libel suit here, a ballot initiative there and, all America, an advertising campaign disputing government claims that secondhand smoke is a health hazard. The campaign started this week, just 10 or so days after the House Subcommittee on Health and the Environment approved the Smoke-Free Environment Act to protect Americans from secondhand smoke. The bill, which requires smoke-free spaces in virtually all nonresidential buildings, has a long way to go before it becomes a law. Neither is it perfect; restaurants and prisons, for example, are excluded from its provisions. Still, it marks the first time in 10 venrs that the subcommittee has succeeded in passing significant anti-smoking legislation.

Such legislation is not needed, if one bewhich relies on a methodology — cigarette equivalence — rejected by both the U.S. surgeon general and the Environmental Protection Agency. For example, the ad con-tends that a nonsmoker sharing an office for a whole month with a smoker would, on average, be exposed to secondhand smoke equivalent to smoking only about one and a quarter cigarettes. That may be true if one looks only at nicotine, as the ad's sponsors did, because nicotine is rapidly depleted from the air. But if one looks at other compounds (there are thousands of chemicals in cigarette smoke, many of them dangerous carcinogens), the cigarette equivalent measures are hundreds of times higher.

The Smoke-Free Environment Act is clearly needed if one believes instead the EPA, the Centers for Disease Control, the American Medical Association and every independent health organization that has analyzed the issue and decided that secondhand smoke is responsible for thousands of deaths every year. Weigh that evidence, and it is fair to conclude that once again the tobacco industry is blowing smoke in America's eyes.

- THE NEW YORK TIMES

#### Other Comment

#### Rwanda: The Strong Must Help

We thought we had seen all the barbarity of this terrible century, but the genocide in Rwanda has touched the deepest abvss of cruelty. About half the Tutsi population has been massacred, cut to pieces, myriad horrendous homicides perpetrated by bloodthirsty bands. The conflict that incited these horrors isn't political, ideological or religious, but ethnic. The roots are in the secular domination of the minority Tutsis over the majority Hutus.

Why haven't the neighboring African countries, African political organizations. the North Atlantic Treaty Organization and the great powers of the world put an end to the massacre? We can't passively allow the primitive cruelty of the Rwanda conflict, as well as other conflicts elsewhere, to become

the model for society.

Responsibility lies above all with those countries that have the greatest resources. wealth and military power.

Corriere della Sera (Milan).

#### Bad Time for a Trade Accord

It must be a mark of the Clinton administration's political immaturity that the United States should choose the present moment to try to get the stalled economic framework talks with Japan going again. Washington is demonstrating yet again that its foreign policy

is driven by economics only.

Prime Minister Tsutomu Hata's hold on power is so tenuous that any agreement reached between Japan and the United States is unlikely to be worth the paper it is written on, unless explicitly underwritten by all political parties in Japan. Yet the Liberal Democrais and others jockeying for power will wish to keep their future policy options open.

In the absence of a strong government in Japan, United States trade negotiators are. ironically, having to deal with the very bureaucrats who could thwart the economic deregulation process needed to underpin

The Business Times (Singapore).



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## D-Day + 50 Minus Germans and Russians

WASHINGTON — An officer in Her Majes-W ty's armed forces was recently heard to quip that the Allies would not have invaded Normandy if they had known how difficult it would be to commemorate it. Fifty years after the historic invasion of France by the Allied Expeditionary Forces, a high-visibility program has been planned, but the scheduled events have caused more than a little consternation.

Germany and Russia are offended that they have been excluded, and President Bill Clinton, who has no wartime experience, is calling in with has no warmine experience, is canning in consultants to come up with an appropriate theme. Finding the right message will be difficult, because a decision was made to mark this historic event in the traditional way — which seems not only outdated but wholly inadequate in today's international environment.

The world is a very different place 50 years later. The Germans, the evil-incarnate enemy, are now a united, democratic country, an important U.S. ally and the linchpin of stability in Europe. And one of the critical players on the allied side no longer exists. The Soviet Union, which heroically beat back Nazi attempts to conquer it, has splintered into a mostly non-

munist multi-country region. Rather than deal with these new complicating factors, the French, hosts of the D-Day events. adopted a formula that accomplishes no particular objective. It does not place essential focus on the veterans, who are bound to be overshadowed by too many politicians, nor does it give the

participating heads of state an opportunity to draw on D-Day's contemporary meaning. Finding a way to reconcile wartime commen-

By Susan Eisenhower

orations when the enemy is now your ally has been a problem for some time. Ronald Reagan used the 40th anniversary for great rhetorical benefit, but then felt he had to "make it up" to the Germans. After D-Day plus 40 (and Bitburg), Western diplomats apparently promised the Germans that they would be included on the 50th.

Of the nine heads of state whom the French have invited, it is known that Germany and Russia are not among them. This is unfortunate. If any heads of state were going to participate, inclusion should have been the order of the day. The reason for it is simple: Who the protagonists were in 1944 is not nearly as important or relevant as the nature of the struggle itself.

The "great crusade," as Dwight Eisenhower, my grandfather, called it, was assembled to defeat fascism. This was successfully done, and Germany went through the painful process of de-Nazification. Reneging on our earlier promise now implies that we harbor some belief that the Germans have a kind of ethnic original sin.

The decision to exclude also constitutes the The decision to exclude also constitutes the loss of a real opportunity. Many contemporary Germans regard the allied victory as the "liberation" of their country from the fascist grip, and they express gratitude that history turned out as it did. The German presence on the Normandy beaches for the 50th would have given legitimacy to that feeling in Germany, and emphasized Boan's own commitment to keeping fascism from ever dominating political life again. to the Russians, and perhaps other countries of the former Soviet Union. Failing to do so sym-bolically decouples the Eastern and Western fronts, and ignores the impact that the Soviet effort had on the success of D-Day.

It's Broke,

So Get Busy

Fixing It

By Flora Lewis

Paris — Americans say, "If it ain't broke, don't fix it." The obverse has equal weight. If it needs fixing and you haven't succeeded, look more closely at the problem, take another approach, and try again. Go after problems which won't yield to the usual solutions with some imagination and a shift of mental

imagination and a shift of mental

gears, but don't give up.

The cranky, querulous world faces cases of both kinds just now.

South Africa and Israel-Palestine

have started to fix themselves, at long last. People didn't suddenly change

their nature and turn sweet-tempered.

But their leaders finally came to see

that endless conflict meant endless hu-man cost and settled nothing. Only compromise could offer a new start.

So far, South Africa, with miraculously clear-minded, rational leaders, is moving smoothly. Nobody knows how long Nelson Mandela will be

able to win acceptance from his peo-

ple that their urgent needs cannot be met by pulling the economy apart, only by broadening and strengthen-ing it. But he is starting well, He is a

and Chairman Yasser Arafat know
that their personal fate is committed
to making their agreement work, but
they are not helping each other. They
are scoring small points, each proving
that he can't be nudged or outplayed.

It is in Mr. Rabin's interest, as much
as Mr. Arafat's, to show that the PLO

can deliver functioning civil govern-ment in Jericho and Gaza, and move

on to early elections in all the occupied territories. The United States and Eu-

rope have pledged a lot of money to help make the Palestinian areas viable.

It should start flowing now. Waiting until there is a solid administration

But in other parts of the world.

fixing hasn't even begun beyond

empty, often misleading gestures. There should be no pretense that

there are just a few overwhelming trouble spots. When Zaire, with 40

million people, blows, Somalia and Rwanda are likely to fade in memory

as relatively minor tragedies. Yet Zaire, too, has reached the category

of a totally failed state, one that the

United States and some West Euro-

pean countries have a major respon-sibility for helping slide to disaster. The idea that Haiti can be fixed by

more sanctions on its already desper-

ate, bedeviled people is too weird for Alice in Wonderland. As for the idea of invasion, the U.S. Marines had nearly 20 years (1915 to 1934) osten-

sibly trying to "fix" Haiti. Not only Haitians but the whole of Latin

America could be expected to rise in outrage if they tried again.

Algeria is on the brink of a particu-

larly nasty civil war that would have

reverberations throughout the Islam-

ic world. France and its European

neighbors have even more reason to

fear an overwhelming torrent of refu-gees from across the Mediterranean.

What could be grave trouble, with

oplications for the future of Russia.

is brewing between Moscow and

Kiev over Crimea. Not everything

gets on the nightly television news.

There isn't time, and there aren't

enough camera crews to report it all.

These are only current urgencies

that leaders have to decide about

quickly, nothing to do with the long-term issues like the global agenda —

population, environment, develop-

And then there is Bosnia.

would be self-defeating

realist as well as a humanist. Things are rockier in Israel-Pales-tine. Prime Minister Yitzhak Rabin

Failing to invite the former Soviets has given credence to those in the East who say the West never appreciated their role in defeating Hitler. Such an omission also deepens the sense of isola-

tion that is now widely felt all over the region.

Although Americans tend to play down the importance of symbolism, it is a highly potent force in many other countries around the world. th is intriguing, for instance, that on V-E Day plus 10 years, Germany became a full member of NATO. The dates agreed upon by the United States and its allies must have been a clearly calculated effort to demonstrate Germany's rebirth as a member of the international communi-ty. Why then is it so difficult some 40 years later? As in so many other instances, the world waits for U.S. leadership. Washington should have insisted on complete inclusion as a prerequisite for presidential participation. If not, the commemoration should have remained a veteran's affair.

The presence of Germany and Russia would have helped to heal the wounds that remain. It would also have underscored that those allies who fought not only won the war against fascism. Their ultimate sacrifice paved the way for a new Europe of peaceful democratic countries.

The writer is chairman of the Center for Post-Soviet Studies in Chevy Chase, Maryland, and will be in Normandy on D-Day with ABC. She contributed this comment to The Washington Post.

## In Fact, Greater China May Be Mostly in the Mind

It was also wrong not to extend an invitation

T AIPEI — Investment bankers love catchphrases. In the past 18 months vast amounts of other peo-

ple's money have been marshaled under the banner of Greater China. Here was gathered the genius of the Chinese people — the manpower and resources of the mainland, the manufacturing expertise of Taiwan and the trading and investment know-how of Hong Kong. Watch out, the West Watch out, Japan. Here comes China!

It's not that simple. The closer one looks at the economic relationship between the various "Chinas" and between them and the rest of the world, the less substance there seems to be in the concept of ever closer integration into one economic zone. It may not look that way from the

trade statistics and capital flows, which appear to show ever more rapidly growing interdependence. But much of this seems to have far more to do with short-term opportunity than with long-term complementarity.

The incompatibility of the systems will mean that once export processing reaches a plateau, integration will slow drastically, at least as far as Taiwan and the mainland are concerned. Identifying where that point lies is difficult, but it is probably much closer than most imagine. For Taiwan, trade (all officially indirect) with the mainland has grown

rapidly from negligible levels six years ago. It now accounts for roughly 20 percent of Taiwan's exports. For Hong Kong, the mainland is the destination of 28 percent of domestic exports and the source or destination of 90 percent of its re-export trade, which itself accounts for 80 percent of all Hong Kong exports. As

percent of its total exports are

through or to Hong Kong. Figures on investment are harder to come by. Chinese statistics show Hong Kong accounting for an accumulated 64 percent of contracted investment, and Taiwan 8 percent. But there is a big gap between actual and contracted. Much Taiwan investment is through Hong Kong, and much "Hong Kong" investment is "black" mainland money siphoned off and recycled to avoid tax and exchange control. A reasonable guesstimate is that \$15 billion has come in from both Hong Kong and Taiwan. So the total of \$30 billion roughly matches the amount of mainland money that

has flowed into Hong Kong. But beyond share and property pur-chases, much of the integration is ephemeral. Almost all South China exports are the products of outward ing industries either owned by Hong Kong and Taiwan or entirely By Philip Bowring

beholden to the sourcing needs of Hong Kong- or Taiwan-based traders. No figures on value added in Chi-na are available, but estimates range from 10 to 25 percent on the gross export value, or an average 15 per-cent. This would mean that China is making no more than Hong Kong, whose margins on re-exports of Chi-nese origin are 15 percent or more. (Some of this ends up back in the hands of corrupt mainlanders.)

Beyond the use of cheap mainland labor, there is scant indication of integration. The mainland's share of Hong Kong's retained imports has been falling and is now only 6 percent. Its share of Taiwan imports is only percent. That is partly due to Taiwan restrictions, but it is more a re-sult of lack of salable items. Unofficial estimates suggest that 80 percent of Taiwan's exports to the mainland are related to Taiwan-organized outward processing — the very kind of low value-added activity that could be shifted out of South China as

quickly as it was moved in. In the case of Taiwan manufacturers, some vertical integration has taken place. For some small component suppliers, who are so important to aiwan industrial capability, a move to the mainland along with end-product producers has attractions of language and culture not available in alternative locations such as Thailand or Indonesia. There is the hope, too, of eventual access to China's domestic market. But outside the real estate sector there is still scant evidence of long-term money being in-

vested on the mainland. There is plenty of talk but little action. Uncertainties range from personal security to political stability to tax policies and fears of difficulty in repatriating. From the Chinese side, allowing foreign investors access to domestic markets would be counterproductive if the foreigners reaped huge profits because of China's high import barriers.

The past three years have seen a big flow of Taiwan money to the mainland, but it is no bigger than an earlier outflow from Taiwan that went mostly to Southeast Asia. Non-mainland locations ranging from Vietnam to Su-bic Bay to Mexico and Hungary may see the next wave of Taiwan money. In any case, the rate of outflow will slow. Many of the most labor-intensive industries have already left, and Taiwan's capital surplus has shrunk to almost nothing. European and North American barriers against Chinese products will also deter reliance on China as a production center, however cheap and pliable the labor. Much of China's export economy is of the enclave sort. Even within the southern coastal provinces there is limited integration. Transport between Guangdong and neighboring Fujian is poor, so that beyond the Pearl River delta, with its direct ac-

cess to Hong Kong, and towns with access to Fujian's port at Xiamen, the links fade quickly.

Although much is made of the impact that direct Taiwan-mainland links could have in spurring integration, there are good infrastucture reasons why most Taiwan investment is in Guangdong, not just across the straits in Fujian.

Nor is there any likelihood that Beijing will allow free movement of capital within Greater China or create a currency in which Hong Kong and Taiwan people might have some

Least of all is there any suggestion of the creation of a Greater China labor market. Indeed, avoidance of it may be Hong Kong's biggest future challenge, and even the Taiwan Strait may be insufficiently wide for Taiwan.

Hong Kong may now have gone too far down the road of de-industrialization and reliance on China. It is still the nerve center of some competitive high-technology manufacturing. But even without post-1997 political integration, it would be hard to reverse the trend of the past 10 years.

Yet it would do well to pay more attention to its regional and interna-nional roles, which have suffered dur-ing the China cuphoria.

Taiwan is now thinking of playing

As for Taiwan's own manufacturing prowess, the best companies think more of their global role than of the China factor. They may in future use the mainland for some manufacturing, just as they already use Ma-laysia, Thailand, Indonesia — even Brazil. But Taiwan is small enough and sufficiently dedicated to excel-

for manufacturers of laptops and steel. But ultimately the interests of a

The economic future for the techno-logically alert, trade-oriented econo-mies of East-Asia is now, as it ever was, in avoiding ethnic or regional blocs and competing on a world scale with the best of Japan, America or wherev-er. Greater China may be worse than a

## Human Rights a Trade Issue?

By Stanley A. Weiss

they open both eyes and stare."

It is hard to argue that there is not arbitrariness in America's human rights sanctions. Fleven countries are denied most-favored-nation trade status at present. But only two of the eight states designated "most repressive" by the State Department, Cuba and North Korea, are among them. And of the seven states on the official terrorism list, only those same two do not have ready access to the Ameri-

can market. Some of the seven are entitled to most-favored status because they are GATT members. For others the reasons are related to

olitics and national security Take Syria. The U.S. government's annual human rights report cites basic rights violations, including "arbitrary arrest and detention, systematic tor-ture, lack of a fair trial" and the absence of the freedoms of speech, press and association."
The Tiansumen repression in 1989

cost several hundred lives and triggered an annual most-favored-nation debate about China. In the Syrian city of Hama in 1982, Hafez Assad's regime massacred about 20,000 people. Syria, but not China, is on the U.S. list of states involved in the international drug trade. Syria is among the seven states listed as promoting terrorism. Syria is one of six states suspected of possessing chemical weapons that have not signed the Chemical Weap-ons Convention. Yet Syria has most-favored trade status, because peace in the Middle East is a U.S. priority.

But China is no less important to U.S. national security. Reining in

Executives for National Security, an arganization of U.S. business leaders. He contributed this comment to the International Herald Tribune.

ory of openness or cosmopolitan-

regional role. It does not have a ism but it does have good ports, a strong and independent currency and a liquid stock market, and it faces little medium-term political threat.

lence in a few areas that it can take on the best in the OECD countries.

The mainland may offer investment opportunities for branded noodle makers and sales opportunities small, agile, trade-oriented, advanced economy are not at one with the needs of a vast and relatively back-

ward continental one. myth. It may be a trap.

ONDON --- According to China's Inance minister, when it comes to human rights Washington has a triple standard, "For their own human rights problems they close their eyes. For some other countries' hu-man rights questions they open one eye and shut the other. And for China

China's exports of weapons and sensitive technology is a U.S. priority. So is convincing Beijing to use its influence to contain North Korea's nuclear ambitions. Singapore's former Prime Minister Lee Kuan Yew has warned that

China would likely retaliate for any U.S. trade sanctions. "You will end up with a very hostile China, one which you'll have to live with as an adversary and will not be your partner in keeping the world peaceful and stable."

The writer is chairman of Business

ment and so on. There is neither a general guide for how to sort them out, nor the luxury of ignoring them to adopt a specific pet cause. Perhaps it is time for another "X" overview. I refer to the famous article that George Kennan signed anonymously, recommending "containment" as the way to deal with Soviet expansionism - neither passive indifference nor preventive war. His

secretary of state, George Marshall, grasped the meaning, and with Harry Truman put the policy into effect. Another kind of containment is needed now, recognizing that we can't repair everything but can't stand aside with meaningless mumbles. Washington must discern what America can do, explain it to people, and mobilize their energies. For that it needs an activist secretary of state able to articulate basic policy to Congress and the public. There are several attractive candidates.

From all parts of the world now, the chorus of complaints is swelling about the "lack of consistency, cohe-sion and effectiveness" in U.S. policy, as an Australian diplomat wrote on this page on Wednesday. They are saying it is broke, try to fix it. © Flora Lewis.

#### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Recalled to Life

NEW YORK - A despatch from Columbus. Ohio, says that a young woman named Eleanor Marks apparently died a week ago and prepara-tions were made for her funeral. While the coffin was being taken to the graveside a faint tapping in its interior was heard by the men carrying it, and the lid being removed it was found that the supposed compse was alive. She was removed to her residence and is now recovering. She says she had full knowledge all the time of what was passing while arrangements were being made for her burial, but was unable to give any sign of consciousness until the fear of being interred alive aroused her to action.

1919: Peterhof Is Taken

PARIS - Despatches received here indicated that the anti-Bolshevists' march on Petrograd is proceeding with continued success. From Stockholm, it is announced that Peterhof against the Axis is started

has been taken by the northern army of volunteers acting in conjunction with the British fleet operating in the Gulf of Finland. The importance of this capture is considerable, Peterbof. on the south coast of the gulf, being only twenty four kilometres from Petrograd. An invasion of Finland is also expected at any moment

#### 1944: Summer Offensive WASHINGTON — [From our New York edition:] The Allied offensive in

Europe will come off some time this summer, President Roosevelt said this afternoon [May 26] at a press conference at which he strongly urged adoption of a Washington newspaper's suggestion that the term invasion" be dropped once and for all and that the more accurate word "liberation" be used for the impending operations on the Continent, Mr. Roosevelt also raised the possibility that he may be planning to be on hand in England when the great drive

## Bull Run III: A Lot of Mickey Mouse

WASHINGTON - When word reached the U.S. capital that the first major battle of the Civil War was to be fought at Bull Run, a little stream near Manassas, Virginia all of social Washington packed luncheon baskets and turned out in buggies to witness it.

Hours later, they streamed back
in panic. The rebels had won: the capital was in danger. That first battle of Bull Run, as well as Sec-

of fear into the heart of the Union. Fast-forward 13 decades. A little band of well-credentialed historians, brigating greens, liberal columnists and self-protective landowners have drawn together in paternalistic protection, rendering the principle of artistic expression

weak and contemptible. Wait; sometimes iconoclasm goes too far. Artistic expression? It's a commercial Disney theme park, a magnet for hot-dog stands and exhaust-belching traffic, rip-ping off the public for \$163 million in road-building costs just 3 miles (5 kilometers) from the hallowed ground where an Alabama officer shouted to his troops: "There stands Jackson like a stone wall -

rally behind the Virginians!" Yes. If Buil Run III is to be merely a battle between historyminded preservationists and profitminded land developers, that's fine; environmental impact will compete with the benefit of thousands of new jobs and will result in a compromise balancing property rights with zoning powers.

But if it is to be a clash of cul-

By William Safire

tures, with armies of elitists drawn up in vast array against the multi-tudes of average families that Lyndon Johnson used to call "the peepul," then we have a war of taste worthy of the field near which

it will be lought.

A theme park is a fantasy; no matter how frightening its plastic dinosaurs or appealing its Cinderellas, the park is an idealized world. The critics say that's O.K. when you're marketing Mickey Mouse, but wrong — worse than wrong, vulgar — when dealing with anything as sacrosanct as

American history.

My colleague Russell Baker satirized the growing success of theme parks with his "theme family" living artificial lives in a theme town, all nice and take. My colleague Frank Rich dissected the "larger struggle between theme-park America and authentic America."
Going overboard, The Washing-

ton Post's Jonathan Yardley foamingly denounced the conservatism opposed to the curtailment of theme parks as "a force for the diminution or elimination of barriers erected by government against the uncontrolled exercise of individual and institutional avarice." Hold on. Historians fear that the theme-parkers, as they move past Fantasylands and into the real past,

will deliberately falsify history. The professional historians worry that

the wrong people are going to inter-

pret - overdramatize, perhaps

prettriy — the reality of our past.

Those historians are right when they warn of the encroachment of any commercial enterprise on park lands set aside for reverential study of past wars, on the limited ground of protecting historic sites. But they are intellectually arrogant when trying to block the con-

struction of a commercial project. on the grounds that it might mis-

interpret the past.

I thought Oliver Stone, the film director, was wildly kooky in his film about JFK, claiming that the entire government was involved in a vast conspiracy. I happily derogate the film, as most historians do. But I would not join a movement to block his filming of his nutty interpretation, or in any way censor it. He is an artist expressing himself for fun and profit.
Faced with inauthenticity, histori-

ans should compete with what they believe is the way it really was. If they cannot persuade the developers to let them influence the portrayal of the past, then they are obliged to denounce fuzzy interpretations and to rebut the rewriting of history and should their worst fears come true, to picket Disney's America. But not to join the pretentious amalgam of self-appointed arbiters

of culture, greenpeaceniks, local zoning lawyers and Virginia's foxhunting set to stop its presentation. Historians don't own history. Some say that the Alabaman who gave Stonewall Jackson his sobriquet was complaining that the Con-federate general wouldn't charge. The New York Times.

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## The Russians' Subversion And Why It Still Disturbs

By William Pfaff

E VIAN-LES-BAINS, France—Alexander Solzhenitsyn has returned to Russia. His fellow dissident Mstislay Rostropovich remains in the West, installed in Washington as conductor of the National Symphony, and here in this faded but once fashionable spu, where for the last 19 years he has conducted a notable spring music festival with an emphasis on American music schools and young American performers, this year from Philadelphia's Curus Institute.

The conductor owes his exile from his native Russia to his friendship with Mr. Solzhenitsyn, and to the support that he and his wife, Galina Vishnevskaia, gave to the Solzhenitsyns in their persecution. The Rostropoviches took the Solzhenitsyns in when the Soviet authorities deprived the latter of their home.

Mr. Rostropovich has described the act as motivated by human solidarity rather than politics, but it was inevitably an act of political defiance, and it earned him and his wife places in the melancholy Russian tradition of politically motivated victimizations of artists, a tradition that originated long before there was a Soviet Russia. It was a phenomenon of the czarist period, from the time, early in the last century, of the romantic rebellion against absolutism.

The preoccupation of despots with writers is logical. Writers, whether they are novelists, playwrights, poets or political intellectuals, deal with the human plight in terms that have implicit if not overt social and political significance and commitment. The intentions of Mr. Solzhenitsyn, the novelist, have been moral and properly artistic, rather than directly political, but for that reason he has had more explosive political effect

than had he been a simple polemicist. He has written to tell the truth about the experience of Russia during his lifetime and before, a truth whose expression inevitably proved intolerable to the Soviet anthorities, and very often even to readers in the West, who had imposed upon Bolshevik Russia ideological preconceptions of their own, suiting their

own agenda, whether of left or right.
Mr. Solzhenitsyn was a subversive force with respect to all of them — and may yet again become one, in the Russia of Boris Yeltsin, as he returns. An intense controversy has broken out in Russia over the ostentatiously symbolic return of Mr. Solzhenitsyn, by way of the Russian Far East and the city of Magadan, where prisoners destined for the gulag were classified and dispatched

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

to their destinies. He will then travel across Russia, according to his wife, "in order to understand the realities of life in his country today."

He has been attacked in the press as returning "in ceremonial robes," expecting adulation, and has been defended in equally passionate terms. He has already made clear his harsh opinion of the imported "hamburger culture" of Mos-cow today, and of the alliances of exnomenklatura members with "financial sharks" and "nouveaux riches." He has also said that the present borders of Russia are "wrong" and that Ukraine, Belarus and much of Kazakhstan properly belong inside Russia.

Music has always presented a different problem to authoritarian regimes. It provides another and more subtle articulation of truth than the writer does, becoming political mainly when it is confronted with totalitarian demands for conformity and ideological correctness - which is to say, when authority demands spiritual submission.

However, music, like all of the arts, is a practical affair in that it makes things --- compositions and performances, It is work, a tangible accomplishment, at the same time that it is part of the persisting effort of men and women to perceive and penetrate to the center of reality. In that respect it discomforts any political regime that claims to define the meaning and purpose of human action.

It scandalizes because it transcends without doing so in any overtly political way. The kind of contemporary Western artist who sets out to scandalize audiences by presenting what ordinary people find blasphemous or disgusting considers himself or herself a political activist. These artists are actually trivially re-enacting that attack on conventional sentiments that had a purpose in the 19th century but a century later has become not only cliché, but a cliché that claims and finds subsidy from the very bourgeoisie it purports to attack. It thereby consolidates the power of those it pretends to

attack, and it is rewarded accordingly. There is no transcendence in that, Music disturbs convention and authority because it transcends, and because it is not explicitly political it is a source of true subversion. Mstislav Rostropovich's art is more profound than that of Alexander Solzhenitsyn because it has no conscious political mission.

Art is more important and enduring than politics or history. This is a difficult admission for politicians, historians or journalists to make. But the truth is that when everything else is buried and windswept, lost to archaeology and myth, art survives — the vase, the statue at Delphi on which human consciousness dawns, the text of the tragedy, the poem, the quartet's score - even the memory of a Rostropovich performance.

International Herald Tribune. C Los Angeles Times Syndicate.



#### LETTERS TO THE EDITOR

#### Reach Out to the Cubans

Regarding "Cuba: Don't Reward Castro, Tighten the Embargo" (Opinion, May 16) by Vicente Echern:

It is high time for the United States to open its mind and its arms and welcome Cuba back into the family of nations. This is not to recognize the aging Fidel Castro; this move would, of course, be made in spite of Fidel.

The Cuban people are enduring great hardships because of a distorted and worn-out vision that Mr. Castro imposes on this once prosperous nation. A large body of hard-nosed Cuban exiles living in the United States oppose any gestures of friendship toward Cuba. They would interpret such a move as kowtowing to Mr. Castro. They are wrong.

If the United States approached the Cuban people with friendship, Mr. Castro would quickly be shunted off to the museum for failed, overripe dictators. Peace and accord would bring rich rewards to both countries. The fact that Mr. Castro is 100 stubborn and proud to start the process should not prevent the United States from doing it.

EDWARD RAPP. Duras, France.

#### Presidency Under Attack

Regarding "America to Clinton: We Hate You! (Go Ahead, Take It Personalh)]" (May 23) by Anne Devroy, and "Jour-nalist Loses His Column After Attacking nalist Loses rus Co Nixon" (May 23):

The next time someone you know begins carping about the "liberal media" I suggest that you show them the two articles cited above.

The first is about how a sitting president who has committed no known crimes but who has tried to reshape the balance of social and economic power in a troubled society has become the object of deep distrust among parts of the population. The reporter refers to continuous personal attacks on the president by the likes of Rush Limbaugh and Ron Reagan Jr. But instead of exploring whether these lavishly sponsored media campaigns might have something to do with foment-

ing the distrust, she turns the focus on the president and his "character problem." This in effect validates the notion of a character problem, a concept cynically invented by Republican strategists to undermine a young and energetic president. The second article is about a reporter in California who lost his column for having the temerity to contend that a

dead Republican president, a proven liar whose penchant for paranoia-inspired secret acts provoked the most serious constitutional crisis in U.S. history, had substantial character flaws and should not be an object of adulation. The lesson to young Americans would

seem to be clear. It is acceptable to try to cripple the effectiveness of a sitting president through unsubstantiated ad hominem attacks but it is unacceptable to speak of the readily substantiated character flaws of a Republican icon who damaged forever the office of the presidency and, more importantly, Americans' col-lective ability to tackle national problems in a spirit of good faith and trust. And some still wonder about the origins of the odd mix of apathy, defeatism

and cynicism among young people today. THOMAS S. HARRINGTON. Santiago de Compostela, Spain.

#### Don't Pressure Bosnia

Regarding "Bosnia After Vietnam: 19norance, Bad Mistakes" (Opinion, May 20) by Gregory Clark:

Mr. Clark wants the United States to join Western Europe in pressuring the Bosnians to compromise with the Serbs. But the parallel he draws with Vietnam does not stand up. During the Vietnam War, Washington could no doubt have brought pressure on Saigon to compro-

mise by withdrawing military support.

But the Bosnian government has no fighting allies; it is not even allowed to buy arms to defend itself. The only extra pressure that can be applied is what the West Europeans are now doing - threat-ening to halt humanitarian aid and stop their very limited protection of certain cities. The United States should have nothing to do with this. At the least, the West should not prevent the Bosnian government if it tries to win back some of its territory, including areas that have fallen victim to "ethnic cleansing."

#### CLIFFORD SMITH. Shades of Soapy

Regarding "For 'Serial Diner,' Jail Is Main Course" (May 20) by Rick Bragg: What a sad comment on our times that Gangaram Mahes should be characterized as a "serial diner," rather than as the lineal descendant of Soapy, the hobo hero of O. Henry's classic. The Cop and the Anthem," to whom jail represented "three months of assured board and

bed ... the essence of things desirable." REBECCA BRITE.

## The 'Nice, Ordinary Chap' Was a Bit More Than That Page 11

By Barry James

D ARIS - Chris George was an obscure high school science teacher on the Scottish island of Islay, but the report of his death in a London newspaper this week brought me up with a start. For I had just been reading about his family in Rebecca West's monumental survey of the Balkans, "Black Lamb and Grev Falcon "

George was not his real name. He was Prince Hristifor Karadjordjevic, nephew of the last reigning monarch of Yugosla-

#### MEANWHILE

via, King Peter. He was also cousin of the heir to the nonexistent Serbian

throne, Crown Prince Alexander. This is a circular story, because some time ago the crown prince shared an informal crust with some of us at the International Herald Tribune.

Although I did not give too much credence to the possibility of his becoming the king of Serbia, he did strike me as being more knowledgeable and certainly a lot more pleasant than former Yugoslavia's current rulers.

Talking to him gave me a yen to know more about the Karadjordje royal family and its tragic history of plots and assassi-nations, which is how I came to be reading Rebecca West's 1942 tome.

The publicity-shy Chris George, who served incognito as a noncommissioned officer in the British Army for eight years before retraining as a teacher, fol-lowed a family tradition of unconventionality and reclusiveness. His most illustrious ancestor. King Peter 1 of Serbia, lived penuriously in Geneva be-

fore being summoned to the throne.

Like Chris George, Peter elected to become a soldier. He attended the military schools of Saint-Cyr and Metz. fought for France in the Franco-Prussian War, was wounded and decorated and then studied law and social science. He translated John Stuart Mill's "Essay on Liberty" into Serbian, married a Montenegrin princess and had three children, was widowed, and eked out a living in Geneva by copying legal documents.

A group of officers found him there in

1903 and offered him the throne after the assassination of King Alexander and Queen Draga, last of the Obrenovic dynasty. Peter, who regarded himself as the rightful monarch, accepted, arrived in Belgrade within two weeks of the assassination, and immediately lifted press cen-sorship, saying, "Serbia shall henceforth know what other countries think of it." The memory of the assassination tar-

nished his welcome, but Peter soon amazed his countrymen with his industriousness and simple ways. He tramped the country on foot, calling in unannounced on hospitals and schools. He introduced modern financial methods and made sure that civil servants got paid. All of which to the Serbians, Rebecca West said, seemed "picturesque and exotic."

"It was to them what their national costume is to us," she wrote. They stood gaping, while by continuous pro-bity Peter brought his own state to financial order."

More importantly, under Peter the Serbs finally broke the back of the Ottoman empire during the first Balkan war, Peter's heir, Alexander, was assassi-: nated by a fascist-backed Croat in Marian seille in 1934. Alexander's cousin, Paul, became regent and his son became king as Peter II. A coup d'état forced Paul to abdicate. Hitler invaded, and Peter went to London after a brief but brave resistance. With the establishment of the i is identi-Tito regime after the war, the Yugoslav, the former

royals had no place, and now the coun; .. arty. He is try they helped build lies in pieces. Despite his connections with the British monarchy (the Duke of Edinburgh e Occhetto was his great-uncle) and occasional mile. was his great-uncle) and occasional gilt edged invitations from Buckingham Palace. Chris George decided early that a privileged life was not for him. Over-coming family demands that he should go to officer training school, he joined the Royal Electrical and Mechanical Enr-left poligineers as a private and became a helicopter maintenance engineer.

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After leaving the army with the rank of sergeant, he took an engineering degree at Heriot-Watt University in Edin- of a public burgh, and accepted the teaching assign - panca, the ment on Islay last year. CVING 1UOC

He seemed happy in the job, and was by all accounts popular with pupils and to create colleagues. One described him as a "thor the broad oughly nice, ordinary chap." He enjoyed hiking over Islay with another teacher lived by himself in a rented house, and told colleagues nothing of his past.

On May 14, he was killed in an accident while cycling home along a lonely after the road. He was 34. The funeral took place i to take this past Monday, and his ashes were scattered over the island, far from Serbia: "He was a very good boy," said Alexander. "He worked very hard and succeeded on his own. That was very admirable," International Herald Tribune.

#### History Is Speeding Up

The strategic concept of Greater Serbia is bankrupt. Economically, politically and militarily, the resources of President Slobodan Milosevic are limited. He still has a lot of political maneuvering space left, but history in the Balkans is picking up speed. Just from its efforts at survival, the Bosnian army has become one of the toughest fighting forces in the world. Serbian military strength has decreased in terms of numbers, materiel and combat morale. The Serbs seem to have realized it is too late now to launch an offensive and are more likely to seek any changes through negotiation.

— From the May issue of WarReport.

Bulletin of the Institute for War & Peace Reporting (London).

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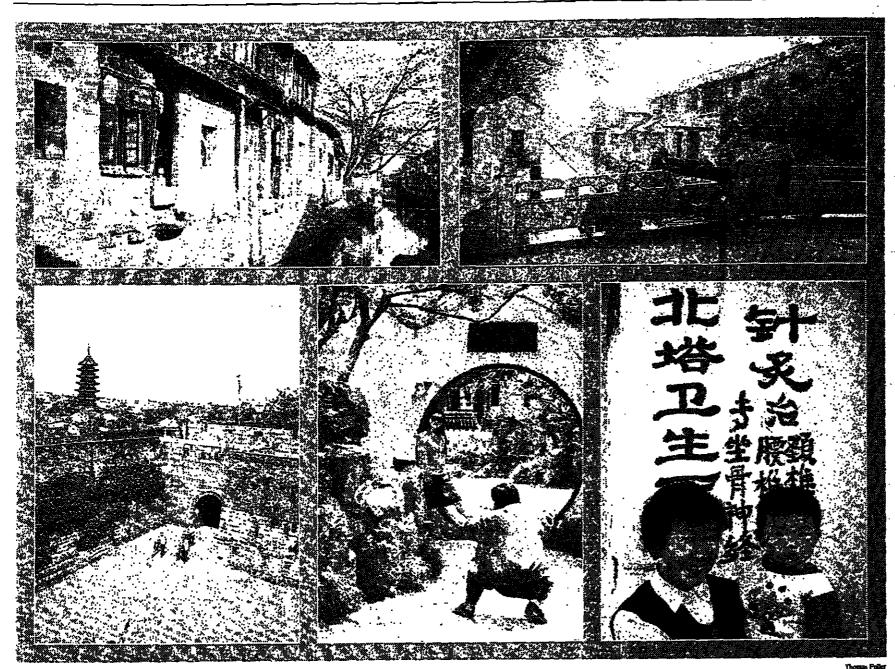
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Scenes from Suzhou, in the Yangtze river basin, a city that Marco Polo described for Westerners more than 700 years ago.

## Suzhou: Silk, Canals and Marco Polo

By Thomas Fuller attonal Herald Tribune

UZHOU, China - Sitting on a sidewalk in this ancient Chinese city is a man who makes rattraps for a living. He wears a worn navy-blue sport coat, his graying hair is cut short enough to stand on end and an extinguished cigarette hangs from his mouth. A small audience of schoolchildren and passers by is less intereste in the wire that he twists and cuts to make the traps than in the demonstration model displayed on the sidewalk; a medium-sized rat. caught by its hind leg, desperately tries to gnaw itself free. Next to the rattrap maker on the same sidewalk a man sells bicycle seats and fixes flat tires. Two steps farther is a machine that crushes sugar cane and makes juice from it. Suzhou's tree-lined avenues and narrow back alleys are replete with similar

scenes, making it a great city to see on foot. Rats and traps, however, are not what put Suzhou on the tourist map, nor what has brought foreigners here for centuries, It was, and chiefly is, worms and looms. Suzhou's silk embroidery, classified as one of the four major types in China, can be traced back to the third century.

Foreign visits to Suzhou seem to have started with the arrival of a Venetian tourist some years ago who noted that the inhabit-ants of the city. "live by trade and industry, have silk in great quantity and make much silken cloth for their clothing."

By his description not much has changed in Suzhou since Marco Polo's visit in 1276. The distant smokestacks are evidence of today's industry and a banner strung across the entrance to a silk mill proof of ongoing trade. "What Boundless Joys to Have Friends From Afar," it reads.

It seems only fitting that Marco Polo was the first European to describe Suzhou to his fellow Europeans. Linked with the Grand Canal by a series of smaller waterways that crisscross the city, Suzhou has predictably been called the Venice of the East. Polo, prone to exaggeration, described it in this way: "Let me tell you that in this city there are fully 6,000 stone bridges, such that one or two galleys could readily pass beneath them."

Today, within the same confines of the most that Polo must have crossed, there are 175 bridges, of which only a handful could fit anything larger than a canoe underneath. Remarkably, however, the canals are still used to transport produce from the surrounding countryside to the city's markets. Located in the Yangtze river basin, Suzhou has long profited from both the fertile soil that the river provides and the transport that it carries via the Grand Canal,

More important for Suzhou's trade and industry today is nearby, massive Shanghai. The city that expands daily under towering cranes - and nightly by the lights attached to them — is just 75 minutes by train from Suzhou. Day trips from Shanghai to Suzhou can be done, in addition to the train, by bus or taxi. Once travel becomes easier between the two cities, Suzhou could foreseeably be considered a suburb of Shanghai, qualifying it perhaps as one of the world's top 10 places to

buy property! Compared with Shanghai, certainly one thing that Suzhou has more of is gardens. Not Western-style flower gardens, but rocks, kiosks, pagodas and ponds. Perhaps the most well-known is the Humble Administrator's Garden, which, by one account, takes its name from a Chinese proverb of the Jin Dynasty: "Irrigating gardens and raising veg-etables for daily meals are also a way for a humble person to manage administrative af-

Needless to say, there are no vegetables in the garden; instead, plenty of trees, ponds, and Chinese tourists photographing each other. Paths guide the visitor through sitting rooms that overlook the pools. The chambers have names such as the Hall of 36 Pairs of Mandarin Ducks and are decorated with framed prints and paintings.

DMISSION to the garden, like nearly all museums and parks in China, costs several times more for foreign "guests" than for Chinese. "Guest" is perhaps the most feared word for foreigners in China as it is almost always used in conjunction with an inflated tourist price. Train fares, boat tickets and rooms in some hotels are subject to foreign pricing as well. By Western standards, the foreign prices are still cheap; but sometime you clearly get what you pay for. Overseas Chinese are the lucky ones with this system - which is largely based on appearance -

as they often slip through the cracks and manage to pay the "Chinese" price. Fortunately, most of Suzhou's charm bears no admission price. A walk through the alleyways, past the shops, markets and homesteads is as rewarding, if not more, than a visit to the Hall of 36 Pairs of Mandarin Ducks. Bicycles are the main form of locomotion in the alleys, the sound of bicycle bells undoubtedly more pleasant than the truck horns blaring on Suz-

hou's bigger streets. Judging from the number of stares a visitor gets in the alleyways and along the canals, it's hard to say who's on display. Schoolchildren have invariably learned the one word they assume all foreigners know and relish each opportunity to use it. Passing

pack of kids sounds something like this: ELLOFILOELLOELLO." The canals are less picturesque but perhaps more functional than those of Venice, which the Chinese might be tempted to call the Suzhou of the West. Inevitably but sadly, the functioning canals have their share of pollution, in part because of a popular notion that

they serve as the local garbage dump.
Suzhou's dilapidated canal-side housing seems to be giving way to modernity these days. The city's main east-west waterway is undergoing a large-scale face-lift involving the destruction of all that was beside it. Bulldozers accompany hundreds of human earth-movers, proof that the concept of coolie labor is not dead. The construction is due to be completed less than two years from now. Future visitors to Suzhou can only hope that the project's planners keep the charm of a city that has entertained visitors

#### IIAR IIIS

■ Howard Jenkins became a millionaire on his lunch break, and he didn't have to rob a bank. In fact, it was the bank's computer that put \$88 million in his account. The Associated Press said the 31-year-old promotional manager in Tampa, Florida, withdrew \$4 million and took his girlfriend to lunch. Then he went back to the bank - with his lawver, in

case he was arrested -- and gave

back every cent, Nice while it lasted.

## Of Jazz and Minarets: The Charm of Istanbul

By Alan Cowell New York Times Service

STANBUL - In a world that is changing rapidly, Istanbul retains a flavor of the exotic that seems increasingly rare, even in Turkey. Although the city's outer limits have been transformed by high-rises and freeways, the central core of old Istanbul remains intact: the six mina-rets of the Sultan Ahmet mosque, the clam-orous tangle of the Grand Bazaar, Topkapi Palace and the spangled confines of the Bosporus with its shoreline villas and grand Ottoman palaces.

That is not to say, though, that the newer areas are without attraction. For Istanbul's smart set - far more at home with Armani suits than with any vestigial memory of the fez—the city's residential spread onto the eastern shoreline of the Bosporus provides the setting for some of the trendiest new discos and restaurants.

And, with the expanding Isranbul Interna-tional Festival offering theater, classical music and jazz through July, the city is also striving to carve a place on a cultural circuit offering a range of drama, opera and ballet.

Yet the charm of the city is still its sampler offerings —the ferry ride on the Bosporus to the fish restaurants of its northernmost settlements, or just browsing through the wares of rug dealers, enjoying the bargaining without a commitment to buy.

→ HE dominant event in this year's Istanbul calendar is the Istanbul Festival, which started in April
with a movie section, moves on to heater, classical music from June 15 to July 21 and ends with jazz from July 10 to 25.

The classical section (telephone 258-3212) offers an array of works by Brahms, Wagner and Beethoven, played by several orchestras including the Dresden Philharmonic the BBC Symptomic Control of the Page Symptomic Control of the Pag monic, the BBC Symphony Orchestra and the Kirov Opera and Chorus, all at St. Irene's Church on the grounds of the Top-kapi Palace. Ticket prices range from \$10 to \$25. Soloists giving recitals at St. Irene's include the flutist James Galway and the cellist Julian Lloyd Weber.

The jazz program at the Open Air Theater, Harbiye, Istanbul, between July 10 and 25 promises performances by a wide range of jazz and rock artists including the Bobby McFerrin trio, Gary Moore, Jack Bruce, Ginger Baker and Neil Young. Many of Istanbul's traditional sights are

in the Sultan Ahmet district. With crowded sidewalks and too much traffic, Istanbul is not really a walker's city, so it comes as something of a relief that city authorities have broadened the sidewalks around the Sultan Ahmet district, and Istiklai Caddesi, the main shopping street running from Tak-sim Square down toward the Bosporus, has been turned into a pedestrian area with a turn-of-the-century tramline running down its middle.

Sadily; the old Galata Bridge across the Golden Horn, with its accumulation of water-level eateries and vendors beneath it, has been replaced by a newer, more sterile version that, while more suited to the weight of Istanbul's modern traffic flows, offers none of its predecessor's bustle.

No visit to Istanbul is complete without an the principal boat-landing on the Golden Horn near the main Sirkeci railroad station, to Rumeli Kavagi on the western bank at the northern tip of the Bosporus and Anadolu Kavagi on the eastern bank. The ferry leaves from the Eminonu jetty at 10:35 A. M. and 1:35 P. M. and a return ticket costs just over \$1. The slightly rundown vessels zigzag up the Bosporus, stopping at just about every landing on the way and giving spectacular views of the two soaring bridges connecting Enrope and Asia and of the 15th-century Rumeli Hisari fortress.

Once at Rumeli Kavagi or Anadolu Kavagi, there is ample time for a meal at one of many fish restaurants where a hunch of freshly caught Black Sea fish with Turkish meze (hors d'ocuvres) costs between \$10 and \$15. Istanbul's hotel operators seem to have concentrated in recent years on creating is around \$5:

spectacular new places with magnificent views of the Bosporus and high prices. Sever-al hotels offer accommodations with more nusual or historic connotations, albeit at a price. The omate Pera Palas (Tepebasi, 251-45-60, fax 251-40-89) is the same 19th-century establishment once used by travelers on the old Orient Express. The hotel's six suites and some of its 139 rooms have views over

and some of its 139 rooms have views over the Golden Horn and the minarets beyond. A double costs \$180 plus tax.

Less expensive and equally quaint is the 20-room. Yesil Ev (5 Kabasakal Caddesi, Saltanahmet, 517 67 85, fax 517 67 80), a restored Ottoman villa equipped throughout with period furniture from the 19th century. It lies close to the Saltan Ahmet mosque and the Topkapi palace. A double costs \$125 plus tax. phis tax.

Istanbul's restaurants have boomed in recent years with the economic turnsround of



the 1980s and the sudden appearance of a new middle class looking for the same so-phistication they would find in Europe. At the same time, it is still possible to eat for a few dollars on a plate of doner kebab and other Tarkish specialties at eateries near the main sites in Sultan Ahmet.

For the smart set, the in place is 29 (Yirmidokuz in Turkish) at Ulus Parki, Etiler (265 61 81). It has a stunning Bosporus view and the chaf is French. Dinner with wine will cost a minimum of \$40 a person. Starters include safood crepes at \$6, artichokes in olive oil at \$5 and smoked salmon at \$8. A la carte specialties include poached sea bass (around \$10), lamb fillet (\$8) and a variety of kebabs and kofte meatballs at \$5 to \$8.

ORFEZ, on the Asian side of the Bosporus at 78 Korfez Caddesi, Kanlica (216-413 4314, closed . Monday), is another seaside place in a similar price range. The specialty is sea bass oven-roasted in layers of rock-salt above and below it. Then, when it is broughtto the table, the waiters crack open the salty shell and serve the fish inside.

Sureyya at 26 Istinye Caddesi, Istinye (277-58-56, closed Sunday), is one of Istanbul's old favorites, offering Russian, Turkish and European cuisine. Caviar blinis and chicken Kiev are specialties. Prices for din-

Slightly cheaper is the Asitane in the Kariye Hotel, 18 Kariye Cami Sokak, Edirnekapi (534-84-14), next to the Church of Chora. Asitane offers three fixed-price menus ranging from \$12 to \$18 without wine and all composed of traditional Turkish cuisine. The most extensive, at \$18, features an array of dishes made with olive oil, such as stuffed vegetables, followed by hot appetiz-ers, the Sultan's Favorite yeal stew on a bed of aubergine purée, salads and a choice of

For budget travelers, any number of eateries at Sultan Ahmet offer cheap doner, rice, lentil soup, beans, lamb dishes and dessert. One of the oldest is Sultanahmet Koftecisi (12A Divanyolu Caddesi, 513-14-38) known for its meatballs. The average price of a meal

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## THE FILM GUIDE

#### Maverick Directed by Richard Donner.

Fast, funny, full of straight-

ahead action and tongue-in-cheek jokes, "Maverick" is "Lethal Weapon" meets "Butch Cassidy and the Sundance Kid." That combination won't win any prizes for originality, but it works like a movie mogul's dream. Heading for a highstakes poker game on a river-boat, Bret Maverick (Mel Gibson) is a few days away, \$3,000 short and trailed by villains hired to keep him out of the game. On the way he hooks up with Jodie Foster as Annabelle Bransford, a semi-efficient con woman, and James Garner, television's original Maverick, as Zane Cooper, a marshal who can teach Maverick a thing or two about spineless survival. As they bumble their way through the Old West, they turn it into the New West of moviedom with their smart contemporary tone. Richard Donner, who directed Gibson in all three "Lethal Weapon" pictures, takes a simi-lar approach here. Just as "Lethai Weapon" is an action movie that chuckles at action movies without straining anyone's brain, "Maverick" exploits and undermines every western cliché from gunfights to war-whooping Indians to runaway stagecoaches and heroes hanging off chiffs. William Goldman isn't shy about borrowing from his own classic "Butch Cassidy" screenplay. No meeting between strangers is quite what it seems in this story, which relies on con after con after con. You don't

have to know anything about

poker to guess that even away

from the table, everyone in



Uma Thurman in "Even Cowgirls Get the Blues."

"Maverick" is bluffing all the time. (Caryn James, NYT) **Even Cowairis Get the** Bhues Directed by Gus Van Sant.

It's entirely possible that "Even Cowgirls Get the Blues," Tom Robbins's cultish novel about Sissy Hankshaw - the protofeminist hitchhiker with oversize thumbs and smoklering sexuality -- is unfilmable. But if it is. possible to transmogrify Rob-bins's 400-plus pages of pseudo-lytical, stoned revenes into a satisfying movie. Gus Van Sant is clearly not the one to do it. "Even Cowgirls Get the

Blues,"the movie, starting Uma Thorman, is a moribund, monotonous allair. Reducing the novel to its most basic plot line, writer-director Van Sant clips every flight of Robbins's fancy - the only thing that holds the book together in the first place. Bereit of stmosphere, or even coherence, the movie becomes an episodic parade of goofballs, eccentrics and lesbrans whose lives and purposes are barely outlined. Sissy and company deserve better than this. How could Van Sant — maker of "Mala Noche," "Drugstore Cowboy" and "My Own Private Idaho" produce such an ummingsted di-

saster? How did he go from im-

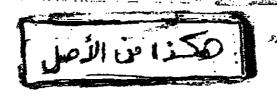
seems also to have instructed his numerous performers — includ-ing Keanu Reeves, John Hurt, Lorraine Bracco, Rain Phoenix and Pat Monita - to exhibit their dullest instincts. Even Hurt, who plays the ultra-flamboyant Countess, is oddly subdued. As for Thorman, who brings grace to almost every-thing, her Sissy seems weighted down by those prosthetic, zuc-chmi-sized digits. They should have called this "Even the Living Dead Get the Blues." (Desson Howe, WP)

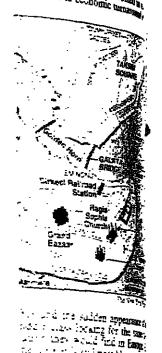
age-poet to all thumbs? He

Beverly Hills Cop ill Directed by John Landis.

in "Beverly Hills Cop III," Eddie Murphy once again mugs jives and drives his way through the 90210 zone of bounques, babes and bad grys. With the screenwriter Steven E. (\*48 Hrs.") de Souza at the word processor and John ("Trading Places") Landis in the director's chair, Murphy is clearly in Jamil iss company as they all embark on his goody vanity project. But on his gooty vanity project. But de Souza's script — in which Axel Foley (Murphy) searches a California amusement park to find the man who killed his police chief (Git Hill) — is an uninspired, long-winded we know who dunit. Although I and it is whodunit. Although Landis's comic routines provide occa-sional relief, they're tired reprises from previous "Cop".
films. And as Foley reunites with his unbearably gustry friends.
L.A. cop Billy Rosewood (Judge Reinhold) and mop-topped Serge (Bronson Pinchot), the humor becomes as fatigued as that other dismal Murphy sequel, "Another 48 Hrs."

(Desson Howe, WP)





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lnnsbruck Festwochen der Alten Musik, tel: 43 (512) 57-10-32 Aug. 14 to 27: The program includes Telemann's "Orpheus oder Die Wunderbare Bestandigkeit der Liebe," Biber's "Arminio oder Chi la Dura la Vinca" and con-

certs performed with ancient instru-Ossach and Villach

Casach and Villach
Carinthischer Sommer 1994, tel: 43
(4243) 25-10 June 17 to Aug. 29:
Selji Ozawa conducts the Wiener
Philharmoniker on the first night of the lestival in a "Beethoven Total" program extending over several days, all of the cello sonatas and piano concertos will be performed.



D'ART LYRIQUE ET DE MUSIQUE D'AIX-EN-PROVENCE

dance programs are performed by Morns companies.

Richard Wagner Festspiele, tet: 49 (921) 20-221. July 25 to Aug. 28: James Levine conducts the complete "Ring des Nibelungen" in Alfred Kirchner's production. Giuseppe Sin-

suits to hand over eash-filled envelopes the stock-in-trade of Italy's "Tangentopoli"

Saving a Fallen Star

Rome's Via Veneto Getting a Face-Lift

By Roderick Conway Morris

International Uctain Tribune

rity soap opera. On a good night its couple-of-hundred-yard strip of bars and

restaurants attracted more stars and big

names — from Audrey Hepburn, Anita Ek-berg, Anna Magnani and Gary Cooper, to Orson Welles, Tennessee Williams, Jean Coctean and Coco Chanel — per square café

Men were men (and not infrequently several sheets to the wind), starlets were as

likely to appear with a leopard on a leash as a

lapdog, and current and former VIPS such as

the exiled King Farouk of Egypt, made spir-

ited attempts to throttle intrusive photogra-

There were public scenes galore. Ava Garduer and Frank Sinatra offering, so history relates, almost nightly performances at Vis Vancto's Fundament Handler Han

Via Veneto's Excelsior Hotel, as the couple

slugged out round after round of their tem-

pestuous marriage — the staff looking on, as powerless to arrest the conflict as the average

UN peacekeeping force. In "La Dolce Vita," Fellini immortalized

Via Veneto's hyperactive lifestyle, lights and crawling stream of honking traffic — out of

which, every so often swooped Vespa-borne.

kamikaze paparazzi, flash guns blazing — in such appalled and loving detail that the

(Via Veneto was then such a maelstrom of

activity that the director had to build a

replica of it on a lot at Cinecittà to shoot the

But after the binge of the '50s and '60s a protracted hangover set in. The beautiful people ceased to be beautiful, or moved on

elsewhere. The famous watering holes — Café de Paris, Doney, Strega and Rosati —

lost their luster and began to close down, some for prolonged periods, others, it

Eighteen months ago two establishments

were shut by the health inspectors. Brief notoriety returned when it emerged that

some of Via Veneto's remaining bars had

become a favorite place for gray men in gray

street itself became a star of the film.

scenes set there.)

seemed, forever,

table than anywhere else on earth.

OME - Via Veneto had, by the

late 1950s, become not so much a

thoroughfare as an ongoing celeb-

But by last spring the Italian press was gleefully declaring the party over - and Via Veneto well and truly dead.

Last summer Via Veneto's top strip, leading up to the Porta Pinciana gateway in Rome's third-century walls, where show biz's monde entier used to gather, was closed to traffic by the municipality — prompting some cheerful souls to predict that this was all that was needed to transform the once teeming drag into a hushed Memory Lane.

UT the Via Veneto Association — a group of hoteliers, restaurateurs and residents dedicated to reviving the street's fortunes — led by Mario Miconi, who started his career as a bellboy at the Excelsior in 1948, and is now its director, living in the hotel (describing himself as the "Prisoner of the Via Veneto") thinks otherwise.

"Every other major capital has a closed section of the town for pedestrians — so why not Rome?" said Miconi, as we took a stroll up the middle of the Via Veneto, where the old traffic markings on the tarmac are crossed by new benches, flower beds and slightly surreal, artificial grassy mounds that have erupted here and there, sprouting shrubs, bamboo thickets and even (as in cartoon desert islands) solitary palm trees — all installed with money raised by the association.

"We want to improve the street in all kinds of ways — hold concerts, exhibitions and other events to bring people here and show that it is still alive," said Miconi. Al-ready, the famous old bars like Café de Paris, Doney and the refurbished Harry's Bar, all previously closed, are functioning again.

Meanwhile, the Swiss jeweler Chopard, at-

racted by Via Veneto's new image, has opened its first shop in Italy there. Strega, once a celebrated literary hangout, which used to award its own annual book prize, belongs to Wimpy and is being converted from a fastfood outlet into a more stylish rendezvous (though whether today's literati will be able to afford the prices remains to be seen).

"Before the war," said Miconi, "Via Veneto was most of all a place for Italian writers



Orson Welles on the Via Veneto in 1958, when the street was in its heyday.

it when Rome was liberated, General Mark Clark made his headquarters at the Excelsion and the Palazzo Margherita down the street became the U.S. Embassy. That's why the American movie stars started coming here in

"In those days people came by ocean liner. with piles of cases and trunks and their dogs, and stayed for weeks. It's not like that anymore - everybody's in such a rush these

and intellectuals. The Americans discovered days, they don't feel they have time to sit

"But now the street's been closed to traffic, the quality of life here's changed for the better. We don't want to try to re-create 'La Dolce Vita' - it was like La Belle Epoque. and you can't repeat eras like those. But we do hope to encourage people to come here, to escape the Roman traffic, and spend a little time talking and relaxing - after all, just talking can be a cultural activity, you know.

## How to Eat Cheaply, And Well, in London

By Roger Collis

TEREOTYPES die hard, and drive our perceptions to the extent that bad food in Britain has become a self-fulfilling prophesy. But most savvy travelers will agree that London has become one of the great eating-out capitals in the world, rivaling Paris and New York for quality and ethnic variety.

Over the past 10 years, British cuisine

(which at its worst was overdone meat and soggy vegetables, and at its best, prime pro-duce done simply) has been overwhelmed by

#### The Frequent Traveler

'modern British" — which has been variously described as modern international with Mediterranean overtones, Californian-Italian, or just plain eclectic. You are likely to find charbroiled steak sharing the menu with couscous, ratatouille and salmon fishcakes.

The problem for the visitor is that straying into the wrong places can lead to some pretty diabolical culinary (and wallet-threatening) experiences. London does not offer as good value at cheaper places as you get in Paris or New York. I'm glad to say that help is now at hand with the architecture of the place of the plac hand with the publication of "Harden's Good Cheap Eats in London 1994" — a guide to more than 400 places where you can get a good meal for less than £20 (\$30) a head for two courses, a glass of wine, coffee, tax, service. The guide has been compiled and written by two brothers, Richard and Peter Harden, who gave up a career in merchant banking four years ago to eat their way around London and publish the findings. "Cheap Eats" is a companion to "Harden's London Restaurants 1994" - a guide that

"We've sampled at least 1,500 meals in the last three years, so we've spent well over £30,000 on eating out," says Peter Harden. We aimed for a quick fix guide that helps you to make a decision about what is relevant to you and where to go for a certain occasion. The other guides aren't like that. They're either in the 'foodie porn' school or good for browsing. Most food journalists believe it's their job to be interesting rather than useful."
Richard Harden says: "Our principal inspiration was the 'Zagat New York City Restaurants' guide. Back in June 1990 I was sitting with the owner of a gallery in SoHo who pointed to my copy of Zagat and exclaimed that 'London could really do with one of those things."

Harden's follow the Zagat format of short, pithy remarks like "inexpensive, but over-priced" and "get Edwin to guide you." Plus a similar rating system, for food, service and ambience. Food isn't always the most important ingredient in the amalgam of an enjoy able experience. "Cheap Eats" shows two stars for places worth traveling out of your way to; one star for especially good value and

an A for charm, style or atmosphere. NTRIES are broken out by area. types of cuisine, price ranges plus classifications such as "top lunch bargains," "top for style," "bring your own wine" places, "pre/post theater" or "riverside." So you can larget what you need, either a good place to eat nearby or a special place across town. So, for example, if you are staying in Chelsea, you have a cornucopia of entries around the corner — from Geale's (sublime fish and chips; although if you're over east in Islington, try the Upper Street Fish Shop) to the "grand and glittering" St. Quentin brasserie. Or splash out at La Tante Claire; if you want to go Greek, the Kalamaros is a short taxi ride away in Bayswater. Hosting a budget business lunch, you could do worse than Hubble & Co., an atmospheric Smithfield wine bar. Or step into a time warp at the Kosher Luncheon Club - gastronomic annex to the Great Garden Street Synagogue. But you cannot rely on the maps for getting

you there. Some entries are shown marconed in the middle of blocks, or on unnamed streets, "The inflated-price restaurants and rip-off joints tend to be in Mayfair or the heart of Knightsbridge," says Peter Harden. "If you're going to spend what I think is the normal amount for dinner in London, which is 125-630 per person, you'd probably do better to head out to where the real London. better to head out to where the real London-ers eat — which is Chelsea, Kensington or perhaps Primrose Hill to the north."

Some restaurants are decisively put down (Verraswamy: "Food almost inedible . . . grossly overpriced"; Cecconi's: "Its loyal following have more money than sense"). So why include them?

"Because they are places that are too fam-ous for us to to ignore," Peter Harden says. "For example, we are very uncomplimentary about Scott's; Langan Brasserie has been cruising quite monstrously. The Dorchester is so upset with us they have told the hotel bookshop not to stock our guides."

"Cheap Eats" includes, as you would expect, pubs, wine bars, cafes and take-aways along with a sprinkling of pricey restaurants that offer good-value lunch menus. (About 80 percent of the entries are to be found in "London Restaurants 1994.") For example,

Now you are likely to find charbroiled steak sharing the menu with couscous and ratatouille.

The lvy, the grand old '30s theaterland restaurant, has an affordable lunch menu (£14) on weekends; and throughout August the Savoy group offers a two-course hunch or dinner for £10 at the Savoy (Upstairs), Clar-idges (Causerie), the Berkeley (Perroquet), Grill St. Quentin, and Simpson's-on-the-Strand. (The Causerie has an "all-you-can-eat" smorgasbord at lunchtime for £12, but house wine is a regal £15).

ORE to my taste are gems like the Labore Kebab House in the East End (the best-value Indi-The Eagle, a converted pub on the northern fringe of the City, which has great Califor-nian/Mediterranean food at bargain prices. The Pizza Express chain is consistently good value (You'll find some of the best live jazz in London at the Dean Street branch in Soho). For a good sandwich, try Pret A Manger snack bars (almost as good as the Super Sandwiches chain in Hong Kong); while a great bagel (with lox and cream cheese) can be found at the Brick Lane Beigel Bake — a 24-hour (alternative)

24-hourtakeawa "Cheap Eats" is focused on places you're likely to enjoy, and much more practical than anything else that I've come across. If you want a second or third opinion buy Time Out Guide to Eating & Drinking in London 1994," or "The Evening Standard London Restaurant Guide 1994" by Fay Maschler.

"Time Out" is more encyclopedic than Harden's (it lists around 1,500 places) and more browseable. But there are no maps, it's easy to get lost, and I find there's a tendency to be over-generous with praise. Maschler has written her food column for the London Standard for 20 years, and brings her formidable perception to focus on the finer points

"Harden's London Restaurants 1994": 650 entries. £6.95 (includes two updates a year). "Harden's Good Cheap Eats in London 1994": 400 entries. £3.95 (includes two updates

"The Time Out Guide to Eating & Drinking in London 1994": 1,500 entries, £6.99.
"The Evening Standard London Restaurant
Guide 1994" by Fay Maschler: 283 entries £9,99

## Baby Eels: Look at the Eyes Before You Bite

By Mark Kurlansky

GUINAGA. Spain - Before a Basque bites into a baby cel these days, he wants to see its face. Some blame it on the Japanese and others know better. But everyone knows that some funny eels have been showing up in the Basque provinces of Spain and the only way to be sure of what you are about to eat is to look into those tiny black eyes.

Angulas, 5-centimeter-long (2-inch) baby eels, known in English as elvers, are a tradi-tional Basque dish. For centuries they have been scooped out of the rivers just above the mouths in northern Spain. In this Basque village on the Orio River only a few kilometers from San Sebastián, six Basque families are the principal suppliers in the world.

In Aguinaga, the angula companies wait for nightfall before dragging the river because the elvers stay on the bottom resting in the day. They hand up a fine weave of white squirmy creatures that they most keep alive in their fresh water tanks for about a week until the backs turn dark. Since a dead eel will not turn color, the dark color assures that the eels were taken live, an issue that has grown in importance as the rivers have grown increasingly polluted and inhospita-ble for the delicate elvers.

Like all eels, elvers must be cooked live or shortly after death to maintain an agreeable texture. They are then sold all over Spain and exported fresh, frozen or canned to France and Latin America. In the Basque



provinces, where people are passionate about angulas, usually served with olive oil. garlic and peppers, they are being sold this year, a relatively plentiful one, for about \$40 a pound in the fish markets.

In the 1980s the catches were so meager that it became widely believed that the ecls were dying out. The price leaped to triple its current level and the Aguinaga fisheries could still not meet the demand. That was when one of the old established Basque family companies, Angulas Aguinaga, decided it was time for an alternative. They turned from the Orio to the Japanese for technology in converting strimi into a substitute angula which they

produce in a factory in the industrial mountain village of Irura. Angulas Aguinaga hopes to sell 500 tons of these pseudo-elvers, which

they call "gulas" this year. Surimi is fish from Alaskan waters pressed into blocks on factory ships. Nichirei Corp. of Japan designed machines that force this matetial out, spaghetti like, into the shape of elvers.

"It's a completely natural product," as-serted Angulas Aguinaga's sales director. Juan Carlos Souto Ibañez, although the ingredients listed on the package includes monosodium glutamate E-415. Souto Ibañez further asserts that unlike angulas, gulas are cholesterol free. What they are not is eels, and they have

neither the same taste nor texture. Visually the main difference is that there is no face. The two black specks that are eyes and the thread line of a tiny mouth on one end are missing. In the Basque provinces, where it is widely believed that the Japanese are in Irura making gulas, some people do not even trust this, and there are persistent rumors that "the Japanese are painting fake faces on

Souto Ibanez points out that they deliberately left off the faces and changed the name to gulas so that they could not be accused of

rpetrating a fraud.
"It's a swindle," José Maria Otamendi, director of a traditional elver fishery, El Angulero de Aguinaga, nevertheless declared. Although gulas are selling for \$16 instead of \$40 a pound, he asserted that this was still "very expensive for some unknown lish."

Back in the days when Angulas Aguinaga was fishing real angulas and really in Aguinaga, Otamendi worked there but went back to his family business when it changed its product. In hip boots by the swirling tanks of the busy family elver pound, he said, "It is hard work but it is a tradition. It is what my grandfather did and my father and my son."

eels and is asking the European Union to ban elver fishing. The Orio River is a suspiciously bright green-gray color and its banks are peppered with hits of trush. Not surprisingly n doesn't support as many eels as it once did. The company now buys elvers from other parts of Spain, France and England. The common Atlantic eel that lives in

many European and American rivers is born in the deep warm waters of the Atlantic off Bermuda, an area known as the Sargasso Sea. At about 10 years of age, eels leave their rivers and return to their birthplace to spawn and then die. The larvae float in the Atlantic for about three years, drifting in currents until they find the mouths of fresh water rivers where they transform into tiny almost translucent elvers and swim in with the tide.

The Aguinaga eel families say that there were a few had years but now the catches are coming back. But while they are currently having a relatively fruitful year, the future of cels seems questionable since even the eel men admit that most of the elvers that they don't eatch quickly die in the green Orio.

Mark Kurlansky's most recent book, on European Jewry, will be published this year.

## IHE ARTS GUIDE / FESTIFALS

Some highlights of European and American music and arts festivals:

Bregenzi
Bregenzer Festspiele, tel: 43
(5574) 4920-223. July 20 to Aug.
23: On the take's floating stage, performances of Verdi's "Nabucco," and Zandonais "Francesca da Rimini," a 1914 opera based on a tragedy by Gabriele d'Annunzio.



BRITAIN

Edinburgh International Festival, tel: 44 (31) 226-4001. Aug. 14 to Sept. 3: Guest opera companies include the Australian Opera, Opera North and the Scottish Opera, and tappe respectively. the Merce Cunningham and Mark

Glyndebourne Festival Opera, tel: 44 (273) 813-813. May 28 to Aug.

25: In the rebuilt opera house, a new production of Mozart's "Le Nozze di Figaro," opening on the 80th anniversary of the first festival performance (May 28), followed by Tchalkovsky's "Eugene Onegin," Stravinsky's "The Rake's Progress," Mozart's "Don Giovanni," and Britten's "Peter Grimes."

Savonlinna Opera Festival, tel: 358 (57) 514-700, July 6 to 30: In the countyard of Clavinlinna Castle, percountyaru or crawinativa Castre, per-formances of Verdi's "Macbeth" and "Aida," Mozart's "The Magic Flute," Strauss's "Salome" and Bartok's "Bluebeard's Castle."

FRANCE

Festival international d'Art Lyrique et de Musique, tel: 33 42-17-34-34 July 15 to 30: in the countyard of the archbishop's palace, Mozart's "Magic Flute," as well as performances of Mozart's "Requiem," conducted by William Christie and Haydn's "The Seasons." In the cathedral, choral programs, including Faure's "Requi-em" and Pergolesi's "Stabat Mater."

Choragies d'Orange, tel: 33 90-51-83-83, July 9 to Aug. 2: In the Tha-aire Antique, Verdi's "Nabucco" and Puccini's "Tosca" with Gwyneth Jones, Marek Janowski conducts Beethoven's Ninth Symphony. Also, Aug. 13 to 27: Performances by the Krrov ballet and opera companies include Mussorgsky's "Boris Godunov." Verdi's "Flequiem" and two

Festival de Saint-Denks, tel: 33 48-13-12-12. June 11 to July 8: Empha-sis is on music composed since World War II, with Gorecki's Third Symphony, Arvo Part's "Te Deum" and Britten's "War Requiem."

baltet evenings.

**GERMANY** 

Frankfurt Feste '94, tel: 49 (69) 1340-400. Aug.26 to Oct. 3: In the Alte Oper, orchestral concerts by German and toreign orchestras un-der Kurt Masur, Riccardo Chailly and

Esa-Pekka Salonen, chamber music and recitals, performances of the choir and orchestra of the Bolshoi Theater from Moscow, and the world premiere of "Viva la Vida," a musical homage to the Mexican painter Frida



Rossini Opera Festival, tel: 39 (721) 34-473 Aug. 11 to 29: A yearhomege to Rossini, a native of Pesaro, with performances of "L'Ita-llana in Algieri," "Semiramide," "L'Inganno Felice" and the "Stabat

Festival of Two Worlds, tel: 39 (743) 222-611. June 22 to July 10: Opens with Poulenc's "Les Mamelles chens warrought s "Las Marrielles de Tirestas" and includes Berg's "Wozzeck." Dence programs in-clude the world premiere of Roland Petit's "Creation Menotifi."

NETHERLANDS Holland Festival, tel: 31 (20) 627-6566. June 1 to 30: Nine operas from Monteverdi's "Orleo" to Max Brand's

works by Chinese composers. Oato 49e Festival de Musique, tel: 41 Chamber Music Festival, tel: 47 (2) (21) 983-54-50. Aug 21 to Sept. 23:

'Maschinist Hopkins" and recent

opoll conducts "Parsifal," Daniel 255-25-53. Aug. 3 to 13: In concert Barenbolm "Tristan und Isolde" and Pater Schneider "Der Filegende Hol-mances of ancient and contemporary British music. Barbara Hendricks is

**PORTUGAL** 

val, tel: 351 (1) 468-5607. July 7 to Aug. 20: The Lithuanian State Sym-phony Orchestra, under Gintaras Rinkevicius, the Prague Chamber Or-chestra, and the Great Bulgarian Voices ensemble.

SPAIN



SWEDEN

**Drottningholm** Drottningholm Court Theater, tel. 46 (8) 660-82-25. May 26 to Sept. 8. A new production of "Youth and Folly," by an 18th-century composer, Eduard Dupuy, Haydn's "Orlando Paladino," and an evening of Handel's arias and duets.

SWITZERLAND

land, tel: 41 (30) 304-8838. July 22 to Sept. 10: Yehudi Menuhin conducts the Sintonia Varsovia and the Philharmonia Hungarica. International Festival of Music, let

41 (41) 23-52-72. Aug. 17 to Sept 10: More than 50 performances, including concerts conducted by kurl Sanderling, Lorin Maazel, Claudio Abbado, Riccardo Muti, rechals by launzio Pollini and Kei Koilo, chamber orchestra concerts, Ingomar Grunauer's "Die Winterreise," di-rected by Philipp Himmelmann (Aug. Intreux and Vevey

Performances by the Pittsburgh Sun-phony Orchestra, the Royal Concen-gebouw Orchestra and the Scala Philarmonic Orchestra Among the guest soloists, Maurizio Pollini, Maurice Andre and Martha Argerich

Verbier Festival and Academy, tel 41 (21) 963-82-22 Jul. 12 to 31 2 ubin Metta opens the lestical with the houng Israel Profractions. Recu-tals with Ule Lemper Michel Beroff and Barbara Hendricks

TURKEY

Festival, tel. 90 (212) 258-3212. June 15 to July 21. The roster of guest soloists includes Narciso Yepes, James Galway Juhan Lloyd Weber, and Victoria de Los Angeles

UNITED STATES Los Angeles

Hollywood Bowl's Summer Festival, tel: 1 (213) 850-2000 June 28 to Sept. 18: The Los Angeles Philharmonic under Esa-Pekka Salorien, the Detroit Symphony under Neame" Jarvi, and the San Francisco Symphony under Herbert Blomstedt ofter orchestral concerts



Tanglewood Music Center, let 3 (617) 266-1492 July / 10 Aug 29 Seyi Özawa opens the season with a program featuring Jessye Norman Yo Yo Ma, Leon Fleisher and Peter Serkin, Other guest conductors of the Boston Symphon, Orchestra include Andre Previn and Leonard Islamin Lorin Maazel conducts the Pittsburgt Symphony Orchestra

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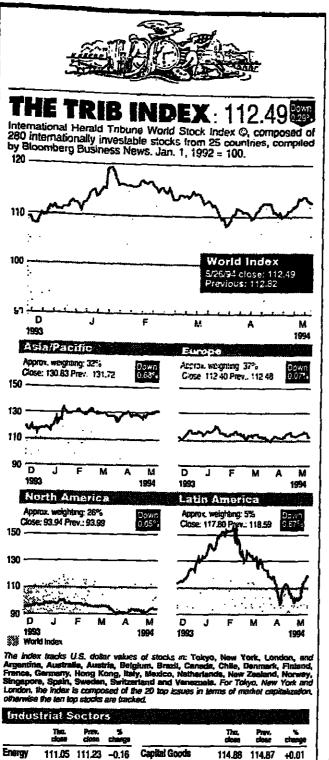
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## Rates Stay Put in Germany **Uncertainty Fuels**

Bearish Mood

Compiled by Our Staff From Disputites FRANKFURT — After peppering investors with conflicting mes-sages about interest rates and pulling the plug on a government bond auction, Germany's central bank. the Bundesbank, declined to change leading interest rates. Thursday, in a subtle shift to a

more cautious monetary policy. Germany's discount rate could stay at 4.5 percent and its Lombard rate at 6 percent through the summer, analysts at major investment houses said. By then, Europe's largest central bank might be so transfixed by the inflationary potential of rampant money supply growth that it will stop cutting rates altogether, some added.

The two rates, which tend to be trend-setters throughout Europe... represent the floor and ceiling for German money-market rates.

Some observers said hopes for a cut in the rates disintegrated Monday, after Bundesbank President Hans Tietmeyer said that the bank was not pursuing step-by-step cuts in interest rates for the time being.

The shift in monetary policy caught up with equity markets Wednesday, sending stock averages falling throughout Europe. In Britain, Italy, France, Denmark, Finland and Spain, indexes fell by more than 2 percent, while averages slid by more than I percent in Germany and Belgium.

Stock markets ended mostly lower Thursday, with shares failing to recover from Wednesday's falls.

Meanwhile, analysis across Europe are debating how Wednesday's failed bond auction, the first since September 1990, will influence Europe's bond markets.

With Bundesbank interest rates on hold, say many, it's going to take weeks of subdued inflation and slowing money-supply growth to restore investors' faith in the markets.

"It's going to be a very slow, gradual recovery," said James Mitchell, an analyst at Deutsche Bank AG in London

## JAL denies that the cutback is aimed at women.

## Last In, First Out in Japan Women Face Job Bias, Official Admits

By David E. Sanger

TOKYO - A senior Japanese cabinet official acknowledged Thursday that companies throughout the country had systematically denied job opportunities to women through the four-year-long economic downturn, reinforcing charges by women's groups that progress made toward equal

opportunity in the 1980s had been severely eroded. The official, Eijiro Hata, minister of international trade and industry, called in leaders of one of Japan's biggest husiness groups and asked them to end a series of practices that had made Japanese women the last to be hired and the first to be laid

The move followed a chorus of complaints, particularly from students and educated women who say recruiters have ignored them in Japan's job-placement rituals. A survey of 1,000 companies by the Labor Ministry late last year found that more than half said they were cutting back on hiring women so they could keep hiring male students, who generally stay with companies longer and almost never seek child-care leaves

Executives said that, while they would listen to the government's plea, they were not inclined to change their attitudes or to comply with the country's eight-year-old Equal Employment Opportunity Law, which has been widely disregarded.

A spokesman for the Japan Federation of Employers' Associations, who declined to speak for attribution, said that the fault lay with women who were not willing to "seek jobs in smaller and medium-sized companies" in hard economic times.

Many questioned Mr. Hata's motives, noting that within a few months the country may be forced into elections in which the votes of young women could be critical. Mr. Hata, who is not related to Prime Minister Tsutomu Hata, may also have been seeking to embarrass the employers' group, which has opposed many of the government's new tax proposals.

While reliable statistics are difficult to come by, Japanese newspaper headlines and other anecdotal evidence make it clear that women have borne a disproportionate amount of the nation's economic

Just last week, Nippon Life Insurance Co. announced it would not hire any women for clerical positions next year. Usually, it employs 600 to 700 annually. No men serve in such posts. It also said it would reduce the number of women it hires for career positions by 15 percent.

Two other major insurers, Meiji and Asahi, immediately made similar announcements, as did the country's most prestigious trading house. Mit-subishi Corp. Mitsubishi hires only a handful of women each year for career jobs but takes on several hundred men.

Japan Air Lines and All Nippon Airlines, the two largest air carriers, said recently they would not hire stewardesses next spring.

dimensions for posts traditionally filled by men.

In a case that has attracted considerable atten-tion, a group of women employees at three compa-nies affiliated with the Sumitomo group filed complaints to force the company and the union to release information about salaries paid to male and female employees. They said a woman with 25 years' experience makes an average of one-half the pay of a similarly experienced man and that wom-en over 40 rarely rose up the corporate ladder as

high as men three years out of college. Some Japanese women's groups argue that the recent string of corporate announcements demonstrates that the strides made by women in the late 1980s and early '90s — epitomized by the early career of Masako Owada, the Harvard-educated

A survey of 1,000 companies found that more than half said they were cutting back hiring women so they could keep hiring male students.

diplomat who married into the royal family last year - had far less to do with a change in national values than with a labor shortage. Now, as companies cut back, the record suggests that women are the last to get a foot in the door and the first to be escorted to the exits.

A young woman at Gakushuia University, one of the country's top colleges, said that while men in her class were deluged with recruiting literature from Japan's top companies, "the women all had to call to get any information." When she showed up for interviews at several companies, she was told to forget about applying for career positions and to settle for a clerical job, even though her grades were far higher than many of the males who landed positions.

She said other companies were largely interested in whether she would be ready to marry a single man working in the company. Such questions are hardly unusual in Japanese recruiting: Even today. many companies review the qualifications of po-tential "office ladies" largely to determine whether they would be suitable spouses, helping the male employees to focus on their careers.

This year, the Labor Ministry reported that only 75 percent of women graduating from college said they had found work, compared with 92 percent of men. The statistics paint a rosier picture than reality suggests: Many of those women settled for jobs far below their capabilities.

The problems reached such proportions this

year that the government set up a committee to examine the problem. It concluded in an interim report that "cases that do not fit the spirit of equal employment opportunity" were rampant, especially involving denials of promotions to married

## Chief to Quit At Italy's State **Holding Group**

By Alan Friedman national Herald Tribune

PARIS - Romano Prodi, chairman of Istituto per la Ricostru-zione Industriale, the leading Italian state holding group that controls hundreds of companies ranging from steel to Alitalia, the state airline, will resign in the next two weeks, according to senior government officials in Rome.

Mr. Prodi. 54, has been a driving force in Italy's privatization pro-gram, and he is viewed in international financial circles as well suited to run the sprawling state-

owned group.

On Thursday, two senior government officials insisted that Mr. Prodi's departure would not hinder the government's plans to speed its

privatization program.

The officials said Mr. Prodi discussed his plans to leave IRI during a meeting Wednesday evening with Prime Minister Silvio Berlusconi. The two men are understood to have agreed to delay the announcement of Mr. Prodi's resignation, which could come as early as next

Mr. Berlusconi and Lamberto Dini, the treasury minister, are believed to have been in favor of Mr. Prodi's continuing at IRI.

In a recent interview. Mr. Dini singled out IRI as a key privatization target, saying the government would "get out entirely." Among IRI holdings that Mr. Dini said would be privatized were Ilva, the steel subsidiary; Stet, the telecommunications company: Finmeccanica, the heavy-machinery and aerospace group that controls Agusta helicopters, as well as arms makers and railway equipment

Mr. Prodi was named IRI chairman last year by Carlo Azeglio Ciampi, then prime minister, having served previously in the post in 1982-89.

But his tenure is opposed by the neofascist National Alliance Party, a member of Mr. Berlusconi's governing coalition. In addition, the IRI chief has told friends he feels he has completed the mandate given to him by Mr. Ciampi.

Politically, Mr. Prodi is identification fied with the left wing of the former Christian Democratic Party. He is respected by senior members of the opposition Progressive Alliance that is headed by Achille Occhetto and would have been considered a possible prime minister if the leftiste coalition had won Italy's recent

Since the victory of Mr. Berlusconi and his allies, center-left poli-ticians have begun discussing asking Mr. Prodi to serve as the opposition leader.

In recent weeks Mr. Prodi has also been at the center of a public controversy with Mediobanca, the and Press Milan merchant bank, about priva- ashins tization.

Mr. Prodi wanted to create public companies" with broad share ownership on the Anglo-Saxon model during the recent privatizations of Banca Commerciale Ita-liana and Crédito Italiano, two allow banks formerly owned by IRI. He loose lambasted Mediobanca after the ; conmerchant bank managed to take g Sereffective control of the banks any- vn of way by bringing together a small ks on group of institutional investors and packing the boards of the banks.

IRI is owned by the Italian Trea- illery sury, and its chairman is chosen by the government. The company's 1993 loss, not yet announced, is estimated to have risen from 4.7 trillion lire (\$3 billion) to as much as 10 trillion lire as a result of special provisions. IRI's debts amount to about 75 trillion lire. roughly the same size as its annual

IRI was founded during the Mussolini era, and during the 1980s Mr. Prodi struggled to streamline the group. But he found himself frequently at odds with the governments led by Prime Ministers Bettino Craxi and Giulio Andreotti, both of whom continued the tradition of appointing political allies to key posts at IRI industrial

After he resigns from IRI, Mr. Prodi, who is an economics professor, is expected to return to teaching in Bologna.

#### **WALL STREET WATCH**

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## **Another Side of Derivatives**

By Jay Mathews
Weshington Post Service
EW YORK — Christopher Ramon Castrovicio is a man with trading in his blood, and he doesn't see why Washington bureaucrais should fret so much about derivatives - the complex financial instruments that are his livelihood.

Mr. Castrovicio, 44, is the managing partner of Parallax Partners, a small firm that uses derivatives to bet on the rises and falls in various financial indexes. That is the type of trading that has begun to draw the attention of government regulators and legislators.

Traders such as Mr. Castroviejo often operate

on very thin margins — putting up very little money with the chance of making huge profits. But in some cases lately, the losses from such deals have been great, and some government officials wonder if the rules permitting such gambles should Mr. Castrovicio, whose grandfather became

famous for betting that the stock market was going to fall in 1929 and 1930, does not think so. The tale of one of his derivatives deals in early February, in which he made \$188,432.78, provides an example of what he means, and why he thinks derivatives are a splendid and relatively safe way of keeping the economy going by injecting money into the markets.

Derivatives are investments whose value is derived from something else, such as stocks, bonds or physical commodities. Derivatives can be traded on exchanges, in the form of futures and options contracts, or over the counter, in the form of interest-rate swaps or some stock options. It was stock options that netted Mr. Castrovicio a healthy profit in February.

It was quite early the morning of Feb. 2 when he left his cozy East Side Manhattan house and his faithful Norwich terrier, Uptick. When he reached his Park Avenue office, he discovered that one of his favorite market indexes was just where he

The Financial Times-Stock Exchange 100-share index had been edging upward to a point where Mr. Castroviejo, who specializes in such things, thought it was about to change direction.

The chart of the FT-SE's movement and other data compiled by Mr. Castroviejo's quantitative analyst, a young Venezuelan mathematics wizard named Luis Sanchez, indicated the index was ex-hausted and unlikely to go much higher. Mr. Cas-trovicio wanted to bet that it would fall, and Merrill Lynch & Co. was offering him an option that would allow him to see if he was right.

For just \$157,487, Mr. Castrovicjo could buy a put option contract valued at \$7.5 million, essentially putting up only 2.1 percent of the total in hopes that the market would turn just enough in the desired direction -at which point he could sell the option and make a profit. The farther the index sank, the more money he would make.

In the FT-SE deal, his instincts proved correct.

The index began to descend, and five days later he pulled out with a 119.65 percent return on his cash investment. With mounting dismay, he then watched as the FT-SE continued to go down, and down, and down some more.

"If I had just left it alone, I hate to think what I would have made," Mr. Castroviejo said. Still, he said; "I like to sleep at night."

Among derivative traders, "there will always be the occasional bozo who screws himself up," Mr. Castroviejo said, but overall the instruments draw much more money into the markets.

## Bad Debts From 1980s Cut Japanese Bank Profits

TOKYO — Japan's 11 largest carlier. commercial banks said Thursday The

that their current profits declined 42 percent in the year ended March 31 as they continued writing off bad debts from the late 1980s.

The decline, to 563.1 billion yen (\$5 billion) from 964.2 billion yen. reflected the cost of trying to write down a mountain of bad debt. which the Bank of Japan now says is a major obstacle to economic

The banks said their publicly dis-

The figures were disclosed by bank officials in news conferences at the Bank of Japan's press club. Unable to quickly clear their books of nonperforming loans, bankers remain unable to do much to help the economy out of recession.

But they said their efforts to write off snowballing had debts were beginning to show results and that bad debt will continue to decline slowly this year.

The hanks may be able to see the closed bad debts increased to 8.948 end of the tunnel of bad debts, but trillion yen in the year ended they have a considerable distance

emerge in better shape than others,

Five Japanese electronics firms forecast higher profits. Page 15.

Now that stock and land prices have tumbled, many Japanese debtors are no longer able to pay interest on loans obtained in the 1980s. To make matters worse, the value of the land and securities they offered as collateral has declined

March 31, up a percent from a year to travel before reaching it, said too far for banks to recoup their with an increasingly international financial industry analysts in To- losses.

kvo. Furthermore, some may The Japanese bankers said it would take two more years of write-offs, at the risk of further profit declines, before they finish sorting the bad apples from the

> Sakura Bank, one of the largest commercial banks, said its net profit sank 60 percent, to 22.85 billion yen from 57.71 billion yen. Earnings per share numbled to 6.89

yen from 17.42 yen. tomo Bank to become the most profitable bank in Japan. Managed

perspective, the bank is supported by domestic lending, particularly to small and medium-sized compa-

Sanwa's group profit declined 52 percent, to 45 billion yen from 95.19 billion yen, putting earnings per share at 15.75 yen. Its revenue fell 4 percent, to 2.73 trillion yen. But Sanwa and Sakura are carrying the bulk of costs in a consortium of banks bailing out Japan's largest housing finance company,

Nippon Housing Loan Co., whose

## **Hong Kong Land Sale Meets With Lower Bids**

Compiled by Our Staff From Dispatches

HONG KONG - Two parcels of suburban land were auctioned off Thursday for lower-than-ex-pected prices, which analysts said reflected a joint effort by real estate developers to head off legislation aimed at cooling the territory's booming property market.

A group of 12 companies jointly bought a 20,780-square-meter (25,000 square-yard) site in Fanling. part of Hong Kong's New Territo-ries area; for 2.04 billion Hong Kong dollars (US\$264 million).

The price was below market ex-pectations, which ranged from 2.6 billion dollars to 3.7 billion dollars. said F.A. Hay, the Hong Kong government official who auctioned the

The mood was remarkably tame, compared with previous auctions where fierce bidding symbolized the spiraling prices that have made some parts of Hong Kong as expensive as Tokyo.

Analysts said the price was low because the companies decided to not bid against each other. They instead used the auction to display their muscle and show the government there was no need for it to drive down real estate prices.

"They hope to send the government a signal that the property market is soft, and it doesn't require the government to take measures to push the market further down," said Andrew Hall, research director at Morgan Grenfell Asia Securities.

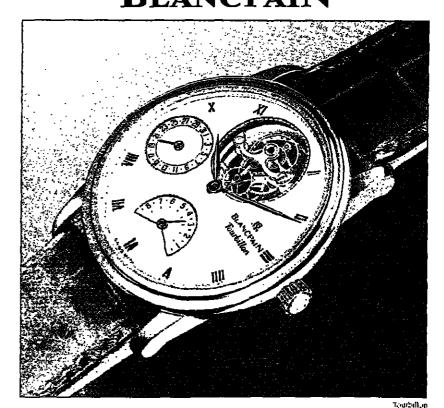
But Mr. Hay said it was "too early to say" if land prices in Hong Kong were coming down from their record highs.

The government warned real extate speculators at the end of March that it would take action to j reduce Hong Kong's apartment prices, many of which have tripled during the past three years.

Since then, apartment prices 1 have fallen by 5 percent to 15 percent. A government task force will soon recommend measures to re-The group that bought the parcel

from the government Thursday included Cheung Kong (Holdings) Ltd., Sun Hung Kai Properties Ltd., New World Development Co., Sino Land Co. and the real estate, investment and textile group Nan Fung Textiles Consolidated (Bloomberg, Renters)

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Dow Jones Averages

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**EUROPEAN FUTURES** 

#### MARKET DIARY

## Blue-Chip Average Is Little Changed

Compiled by Our Staff From Dispatches NEW YORK - U.S. stock ices ended mixed Thursday as a ide in Philip Morris was offset by rong gains in Boeing and General lectric.

The Dow Jones industrial averge finished down 1.84 points at 753.46, while gaining issues outaced losing ones by a 4-to-3 ratio a the New York Stock Exchange. Philip Morris was the most ac-wely traded U.S. stock, falling 314 501/2, after the company decided

#### **U.S. Stocks**

gainst splitting its food and tobac-o sectors and Florida adopted leglation allowing the state to suc bacco companies for smoking-re-

ited Medicaid expenses. But weakness in Philip Morris as offset by strength in Boeing. hich jumped 214 to 4634 on reorts it was close to winning an rder for 50 jets from China, Shares f General Electric, a maker of jet ngines, also benefitted, rising I to

Computer Associates Internaional surged 6% to 43% in active rading after reporting fourthnalysts' expectations for the comnuter software company.

Upjohn rallied 3% to 32% in acive trading on news that Johnson ¿ Johnson had withdrawn from an igreement to market a male im- for the weekend. (Bloomberg, AP)

potency drug that would have competed with an Upjohn product. Johnson & Johnson rose 1/2 to 44%.

Cobra Industries rose 34 to 6 after the maker of recreational vehicles said it expected to report higher second-quarter earnings. It also said increasing orders should push sales up by between 10 percent and

15 percent in the current quarter. In the over-the-counter market. Lotus Development fell 3% to 60 after an analyst at Goldman Sachs cut his earnings estimates for the computer software maker.

Acclaim Entertainment, which makes Sega and Nintendo video games, rose 2 11/16 to 17 9/16 on speculation it may be a takeover

Deere fell 21/8 to 681/4 after NatWest Markets lowered its recommendation on the stock to accumulate from buy on Wednesday. Allwaste, an environmental cleanup company, rose 4 to 515 after being raised to buy from neutral by a Smith Barney Shearson

analyst. The Treasury bond market provided little direction for stock prices. The price of the benchmark 30-year issue slipped 4/32 point to 86 24/32, with the yield edging up to 7.36 percent from 7.34 percent Wednesday.

No major economic data were released Thursday, and some investors had already squared positions

## **Possible Intervention Pushes Dollar Higher**

NEW YORK — The dollar rose against most other major currencies Thursday, rebounding from a sinking spell amid speculation that the world's central banks would come to the rescue if it fell any further.

The Federal Reserve Bank of New York and 18 other central

#### Foreign Exchange

banks teamed to buy dollars on May 4 after the currency fell to a six-month low against the Deutsche mark and tumbled toward a record low against the yen. Traders have been wary of the central banks ever since.

"Fear of the central banks is lending the dollar support." said David De Rosa, director of foreign exchange at Swiss Bank Corp. Otherwise, it would be heading

lower." The dollar closed Thursday at 1.6485 DM, up from 1.6447 DM on Wednesday, It fell as low as 1,6398 DM on Thursday before concern about another buying spree by the francs and to 1.406 central banks helped it gain. The from 1.4040 francs.

dollar rose to 104.62 yea from 104.45 yen Wednesday. "People are jittery about the central banks," said Amy Smith, currency market strategist at IDEA, a

consulting firm. "Other than that, the markets were very quiet."

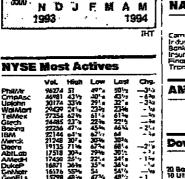
Some traders sold dollars early Thursday when Germany's Bundesbank left interest rates unchanged after its biweekly meeting

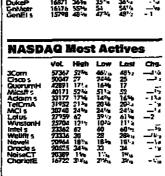
on monetary policy. Traders do not currently expect U.S. interest rates to rise again soon. The Federal Reserve last raised rates May 17, pushing the federal funds rate on overnight bank loans to 4.25 percent from 3.75 percent. The Fed also raised the discount rate on direct loans to banks to 3.5 percent from 3 percent.

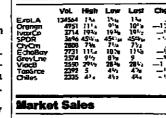
"The only play that makes sense at the moment is to sell dollars." said Nick Downes, a trader at Caisse Nationale de Crédit Agrixole in London.

The pound closed at \$1.5095, little changed from \$1,5094 on Wednesday. The dollar rose to 5.6315 French francs from 5.6250 francs and to 1,4060 Swiss francs

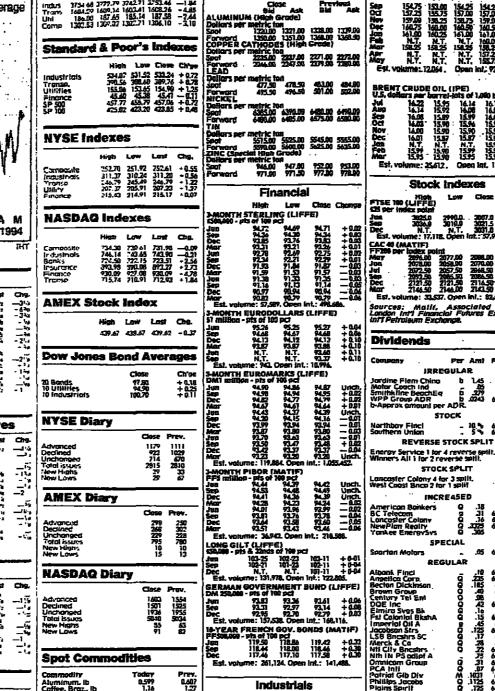
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## U.S./AT THE CLOSE

## U.S. Wins Antitrust Case

WASHINGTON (AP) — In the first action under a policy designed to protect U.S. exports, the Justice Department has won agreement from a British company to British company to open the construction of glass factories around the

world to American companies.

The move could increase U.S. exports by between \$150 million and \$1.25 billion over the next six years, a deputy assistant attorney general. Robert Litan, said Thursday. He said as many as 50 factories could be built during that period in China, Southeast Asia and Eastern Europe, half of which might be built by U.S. companies.

This settlement will open new markets abroad for American businesses exporting high-tech services and thereby create additional well-paying jobs for highly skilled American workers and professionals." Attorney General Janet Reno said. The factories involved produce flat glass for most of the world's automobiles and hallding union technology critical. most of the world's automobiles and buildings, using technology originally developed by the British company Pilkington PLC.

The new antitrust policy was adopted early in 1992 and was widely viewed at the time as a vehicle for attacking market restrictions used in.

Japan to keep out U.S. companies. Mr. Lium said the department's aptitude division was studying the conduct of other foreign businesses as

a result of the new policy.

Thursday's action was embodied in a lawsuit and a proposed consent.

Thursday's action was embodied in a lawsuit and a proposed consent. decree to settle the lawsuit, which were filed simultaneously in federal court in Tuson, Arizona. The government said Pilkington dominated the world's \$15 billion-a-year flat glass industry.

Philip Morris Keeps Itself Together

NEW YORK (NYI) — Philip Morris Co. said it would take no action for the time being to split its tobacco business from its food and beverage;

operations.

Wall Street had been speculating for weeks that a breakup of the company was imminent. Some analysis thought a dramatic action was, necessary to prop up the company's depressed stock and to protect the Philip Morris food operations from possible future lawsuits related to its

obacco units. The stock fell \$3.25 to \$50.50. Philip Morris, the world's largest consumer packaged-goods company and the world's largest tobacco company, has been buffeted by proposed increases in cigarette taxes, price-cutting and legal threats involving health damages from smoking.

## Viacom Seeking Billion-Share Limit

WASHINGTON (Bloomberg) - Viacom Inc. plans to seek authorization from its shareholders to issue as many as I billion Class B common shares, some of which may be used to meet financing needs or for.

The New York-based entertainment company is currently authorized to issue 150 million Class B shares.

Viacom also will seek authorization to raise the number of Class A and preferred shares it can issue to 200 million apiece from 100 million each. the company said in a statement filed with the Securities and Exchange

#### For the Record

Standard & Poor's Corp. said it had lifted surveillance on Walt Disney Standard & Poor's Corp. said it had lifted surveillance on Wait Disney Co.'s senior debt and kept its ratings unchanged. S&P had put the debt under surveillance because of concerns regarding the potential debt burden of Disney, which holds 49 percent of Euro Disney. Euro Disney's debt totals \$3.5 billion.

(AFP), About 11,500 General Motors Corp. car assembly and components workers in Flint, Michigan, authorized the United Auto Workers union to call a strike unless complaints on work speed-ups and harassment are insolved.

Ted Turner, the head of CNN, says he will accept an offer to join the board of Tele-Communications Inc. The Colorado-based company operates America's largest cable television system.

(Bloomberg)

## MG Defends Sales of 'Family Silver' Assets

FRANKFURT — Metallgesellschaft AG said Thursday it hoped to raise at least I billion Deutsche marks (\$608 million) by selling its stake in the heating appliances group Buderus AG and to cut its group debt to 2.5 billion DM by October.

Metallgesellschaft shares had plunged 14 percent Wednesday after the company said it was selling Buderus as well as its transport group, LMT, and the prestigious Frankfurt site of its headquarters.

Analysts said the company was being stripped of its prime assets and said the shares could fall further. They fell 12 to 219 DM on Thursday.

The company's chairman, Karl-Josef Neukirchen, told the Frankfurter Allgemeine Zeitung that Metallgesellschaft hoped to place its 80 percent stake in Buderus on sale as soon as possible and had already made most arrangements needed for a placement of

The company's stake in Buderus is worth around 1.35 billion DM at current price levels.

Mr. Neukirchen defended his strategy to restructure Metaligesellschaft against allegations that he was

selling the family silver. He said the company had to increase its risk provisions by a "considerable amount" but that the asset sales would bring a marked reduction in debt.

## IFIL Expanding Amid Surging Profit

15.95 15.92 15.89 15.90 15.90 15.87 N.T. 15.90

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MILAN -- IFIL SpA, a holding company controlled by Italy's Agnelli family, said net profit rose 20 percent last year and said it would ask shareholders for 800 billion lire (\$500 million) in

An IFIL spokesman said the money would be used for increasing IFIL's stake in the French paper company St. Louis SA, for buying a stake in the Italian cement maker Unicem SpA from another Agnelli holding company and to raise cash for an expected bid for the GS supermarket chain that is being sold by the Italian government.

IFIL will offer shareholders five new shares for every 20 held at 6,500 lire each. IFIL shares rose 50

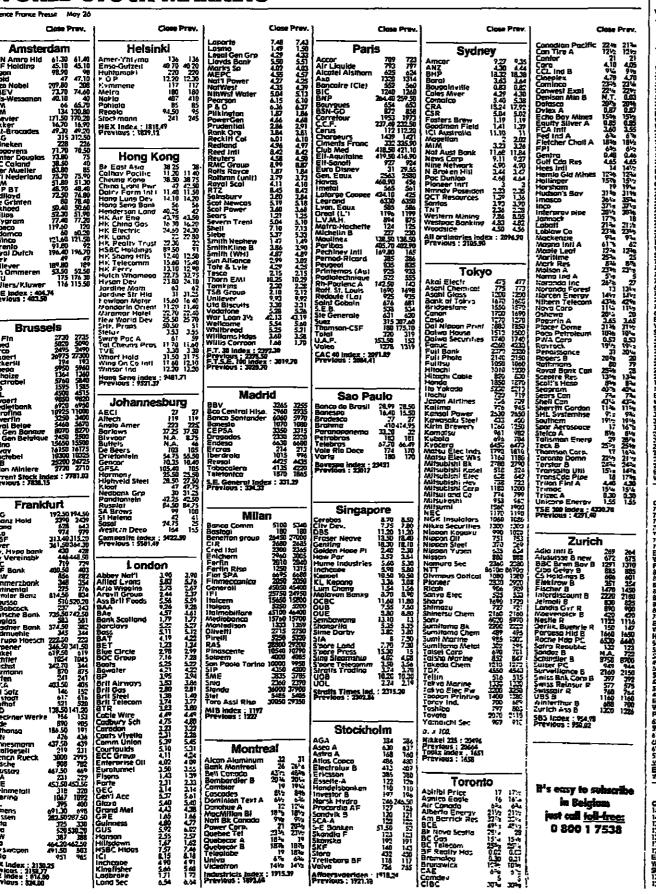
hire Thursday, to 4,120.

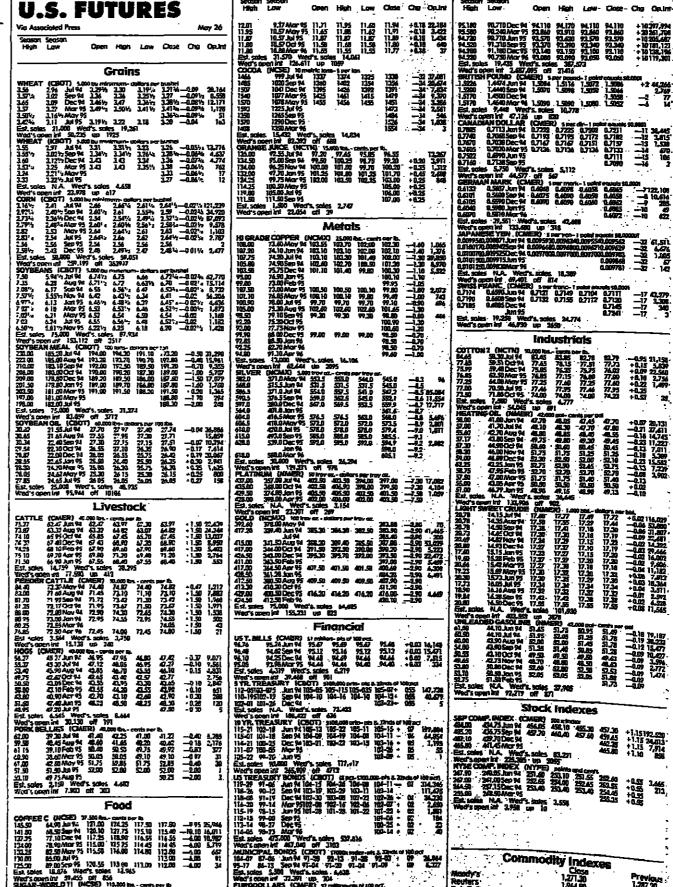
The company said it would pay about 400 billion lire to the buy the 50.4 percent stake in Unicem currently held by IFI SpA. IFI controls Fiat SpA and holds 54 percent of IFIL.

Umberto Agnelli, president of IFIL and vice president of IFI, said the group intended to move most of its investments to IFIL, leaving IFI's main stakes in it and Piat.

IFIL said its profit in 1993 rose to 231.2 billion lire from 192.8 billion lire.

### **WORLD STOCK MARKETS**





## **Eurotunnel Sets** £1.6 Billion Refunding Plan

builder and operator of the tunnel linking France and Britain, unveiled a financing package Thursday designed to pull it back from the brink of bankruptcy.

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Coming three weeks after the opening of the Channel Tunnel, the package consists of an £816 million (\$1 billion) stock sale to shareholders and £693 million in new bank lending, plus a cushion of a further £50 million credit line. The new funding will allow the

company, which ran into several financial problems as it tunneled, to turn its attention to getting passenger and freight services — al-ready a year behind schedule unor way during the summer and

"Shareholders have sustained us up till now," said André Benard, the French co-chairman of the company. "Now they have a choice. There are some risks, but we've put most of those behind us."

Mr. Benard, who also announced he was stepping down and would be succeeded by Patrick Ponsolle. said he did not think the company would need further funding before it turned a profit, which it expects

Since its initial \$770 million equity sale in 1987, the company has gone back to the market on several

PARIS — Eurotunnel PLC, the

of the latest recapitalization. The new stock sale will be priced at 265 pence a share in London and 22.50 francs (\$4) in Paris and will be offered to holders in the ratio of three new shares for every five al-

ready held. The rights offering, the

third largest ever attempted on Eu-

ropean stock markets, will open in early June and run for three weeks. Shares of Eurotunnel in London fell to a 17-month low after the announcement and closed at 350 pence, down 5. In Paris, shares fell to 29.65 francs from 30.50 Wednes-

Fund managers had been gloomy about Eurotunnel during the lead-up to the offer as the company, laboring under a £7.7 billion debt load, battled to stave off bankruptcy by seeking new loans.

But the announcement that Eurotunnel had secured £693 million of loans has quelled concerns and allowed investors to focus on the company as a long-term invest-

"All the banking's in place now," said Tim Stevenson, a fund manager with Henderson Administration. "This is the final hurdle. It's obviously well underwritten, and this discount makes it attractive."

(Bloomberg, Reuters)

## Chip Makers Are Chided Reinvest More Profits, Europeans Urged

By Mitchell Martin International Herald Techune

LONDON — Europe's semiconductor industry has not invested enough of its recently hefty profits in new factories, the Dataquest Europe Ltd. research company warned Thursday,

This will create problems for the chipmakers and the electronics companies that they supply, the analysts said at the annual European semiconductor industry conference. The conference is organized by Dataquest, a Dun & Bradstreet Corp.

Home-grown European companies have little presence in the personal computer market. Most of the business of supplying PC chips is done by subsidiaries of U.S. and Japanese concerns. The big European chip makers — SGS Thomson, Mi-croelectronics, Siemens, Philips and GEC Plessey -are most competitive in semiconductors used in such industries as telecommunications and auto-

Although the overall market for semiconductors is surging, with global sales this year expected to rise to \$101 billion from \$85.6 billion in 1993. capital spending has slowed. Dataquest analysis said, especially in Europe and Japan.

Nonetheless, huge demand for personal com-puters, a trend that cannot last indefinitely, has sped the Europeans to report good profits on their chip operations in the past few years. About 25 percent of the European market for chips is related to personal computers, David Moorhouse, a Dataquest analyst, said.

Last year, there were 10.2 million personal computers made in Europe, and that is expected to grow to 18.1 million in 1998, accounting for a third

of the Continent's semiconductor market. But weak investment means Europe does not have many chip foundries and silicon-wafer factories, making it vulnerable to supply problems that are expected to arise because of the global growth in demand for semiconductors, whose sales are expected to double to \$200 billion by 2000.

Already, some executives attending the conference said, supply constraints are beginning to show up for technologically advanced chips. About 40 factories around the world are expected to open soon, but few of these will be in Europe. Meanwhile, advanced chips are becoming vital for companies that make computers and other electronic devices because upgraded products are brought to market with increasing rapidity.

European chip investment in 1993 was estimated at about \$1.5 billion, rising to just under \$2 billion this year. That compares with about \$4 billion in Japan last year, \$5 billion in the United States and more than \$3 billion in the Asia/Pacific

Meanwhile, Dataquest forecast that much of the growth in the world would come from the Asian market, which was forecast to use \$50 billion of chips in 2000, reflecting demand for all kinds of electronics devices in China, followed by Taiwan and Korea. It also said semiconductors would make up about 20 percent of electronics products.

For the near term, the European market is expected to grow 12 percent this year, led by wireless communications, personal computers and telephone switching equipment, according to Gene Norrett, a Dataquest executive.

Also at the conference. Dataquest gave Motorola Inc. its European Vendor of the Year award. the third time the American company has won the three-year-old award. The award is based on you ing by about 40 European companies that use semiconductors in their products and reflects the availability of chips, their quality, price and performance, and support and service by the supplier. Philips Electronics NV won a prize for the best quality and technical support, while Advanced Micro Devices Inc. was identified as the best

## Rail System In Germany Posts a Loss

حركة أعن الأصل

Krught-Ridder BONN — The recently merged East and West German railroads posted a deficit Thursday of 15.6 billion Deutsche marks (\$9 billion)

Heinz Durr, chief executive, said Deutsche Bahn AG hoped to reduce the deficit in 1994 by streamlining operations, investing in infrastructure for its high-speed train and attracting more customers.

He said the merged company planned to reduce staff from 365,000 to about 312,000 by the end of the year. In 1993, the two railroads' largest expenditure was for personnel costs, at 26.3 billion DM, he said.

Deutsche Bahn "started with full power," Mr. Dürr said, after the two heavily indebted state-owned railroads were merged Jan. 1.

In the first four months of the year, sales were up slightly from a year earlier at 7.72 billion DM. Mr. Durt said that for the whole year. the company expected sales to reach 23 billion DM.

The merged railroad intends to invest 14 billion DM this year, including 10 billion DM in infrastructure, financed through interest-free loans and federal subsidies.

Mr. Durr said Deutsche Bahn wanted to lure customers "with attractive offers, comfortable trains, highest productivity in freight as well as passenger transport, and total market focus in the way employees think and work."

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#### Very briefly:

around in its ocean shipping division.

LONDON — Cable & Wireless

PLC, the international telecom-

munications company, said Thurs-

day its profit rose 19 percent in the

year ended March 31 and said

Pretax profit in the year was

£1.09 billion (\$1.65 billion), com-

pared with £918 million the previ-

ous year, while sales rose to £4.70

The dividend for the year was

raised to 8.25 pence a share from

Lord Young, the chairman, said

the current year had started well

its British telephone network sub-

Mercury One-2-One, the British

7.425 pence the previous year.

steady growth was continuing.

billion from £3.83 billion.

 Iberdrola SA, Spain's largest private-sector utility, said its 1993 net profit rose 6 percent to 62.24 billion pesctas (\$457 million), the result of cost-cutting and a reduction of long-term debt.

Royal Nedloyd Group NV, the Dutch shipping company, posted profit ms of 10 million guilders (\$5 million) for the first quarter, reversing a loss of 18. 86 million guilders in the year-earlier period, amid a profitable turn-

• Sweden's central bank is changing its interest-rate structure to a threetier system based on that in Germany. The move scraps the 7.0 percent marginal rate in favor of a securities repurchase rate, which will begin in

 Media Service GmbH, the digital television service company formed by ... Deutsche Bundespost Telekom, Bertelsmann AG and Kirch Gruppe, said 1it would begin testing interactive television products this year in Berlin. • Merck Group AG, the Swiss division of the German pharmaceutical company E Merck, plans to buy Kebo Lab from Handel Och Industrie AB; terms were not disclosed.

Cable & Wireless Profit Up

Bloomberg, Reuters, AFX Y

S West Inc. of the United States.

had signed up 62,500 customers by

the end of March and was on

course to have 100,000 before the

end of June, James Ross, the chief

Mr. Ross said 12 million tele-

phone lines were installed in China

last year and said momentum was

He said the company was taking

services to broadcast across its

phone lines.
"We're using Hong Kong as the

test bench for video on demand,

and then we will see whether we

feel that we want to launch some-

Cable & Wireless has a major

presence in Asia through its 57.5

percent-held Hong Kong Telecom-

its time in developing multimedia

executive, said.

being maintained there.

## Yeltsin Moves to Ease the Burden on Foreign Investment

By Steve Liesman

New York Times Service MOSCOW - President Boris N. Yeltsin, in an effort to revive Russia's economy, has signed a series of decrees that would cut taxes on foreign and Russian companies and eliminate some restrictions on

Western business executives, weary of a series of recent tax increases and confusing laws, responded initially with cautious optimism but wondered whether the decrees would go far enough to alleviate a tax system that has become increasingly burdensome.

"Clearly it's a good solid message," said George Reese, managing partner of Ernst & Young in Moscow. "I see for the first time an attempt to link business interests to changes in the tax code."

But Mr. Reese said the decrees were "even more vague than I've normally seen." It was unclear, for example, he said, which decrees would come into force immediately and which must be enacted by the Duma, the lower chamber of Par-

Mr. Yeltsin, in one of six decrees issued Monday, ordered the government to reduce basic taxes on all businesses in Russia by between 10 percent and 20 percent. He cited the profit tax and value-added tax as among those that should be lowcred to ease the burden on businesses as the nation moves to a market economy.

In another move intended to encourage Western investors, Mr. Yeltsin eliminated the national profit tax for two years for compa-nies registered this year that have at from it," she said.

least 30 percent foreign ownership and more than \$10 million in start-

un capital. Such companies would pay onequarter of the usual profit tax in the third year and half in the fourth year. Taxes on profits set by regiongovernments, which range as high as 12 percent, were not affected by the decree.

The revenue lost from the tax breaks should be made up by an increase in Russian income taxes. according to Mr. Yeltsin's decree.

But Ruth Cook, a tax specialist with Price Waterhouse in Moscow, questioned the benefit of a reduction in the profits tax, saying most foreign ventures were unprofitable in their first year.

"They are promising a tax holi-

waiting for a promised government decree that would cut in half the duty imposed on oil exports from foreign joint ventures, which many executives say has stifled investment in the country's oil sector.

On Tuesday, Economics Minister Alexander N. Shokhin said Mr. Yeltsin would issue a decree "within days" to reduce the tax to \$17.50 a ton from \$35.

Other decrees issued by Mr. Yeltsin, who chastised Prime Minister Viktor S. Chernomyrdin last week for moving too slowly to reform the economy, would clamp down on tax evaders and close down Russian enterprises that do not nay their hills.

Alexander Livshits, said Wednesday that the decrees were the start

Oil industry executives are also of as many 30 economic measures that will be signed this year as the Russian president grapples with the country's worsening recession.

The decrees were issued amid growing calls for action by business and political leaders, who expressed concern about statistics this month showing that industrial production had fallen more than 25 percent in the first four months of 1994. It was one of the sharpest drops since the Soviet Union broke up three years ago.

Western business executives said the decrees constituted welcome Ruble Continues Slide evidence that the government was using taxes to implement policy rather than just raise revenue.

"What that tells me is the gov-Mr. Yeltsin's economic adviser, ernment is listening," Mr. Reese said. "They are hearing the complaints of the business community and realize they have to get some of these things through the Duma."

> foreigners have been hit by a series of tax increases that have led some to wonder about the wisdom of their Russian operations. They have complained that the current tax system makes almost any legal business venture unprofitable.

An undetermined number of Russian and foreign companies have avoided paying taxes, in part because the rates are so high. Mr. Reese said the new measures could help the government broaden the tax base and eventually reduce tax-

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There was concern that a decree eliminating export quotas, a measure intended to bolster Russian trade, might also reduce foreign investment in the country's oil sector.

Like all Russian oil companies. foreign joint ventures producing oil have been given quotas that allow them access to the country's pipeline system, whose capacity is limited to about 2 million barrels a day. Without quotas limiting exports.

the foreign companies might have to line up to send out oil or could lose their access to the pipeline.

The ruble slid to a record low of 1,901 to the dollar Thursday on the Moscow Interbank Currency Exchange. Reuters reported from

Dealers said the ruble would fall further in coming days because prices were rising much more quickly in Russia than abroad. It the dollar.

Dealers expect the ruble to weaken to more than 2,000 to the dollar by the end of next month.

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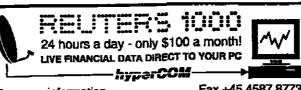
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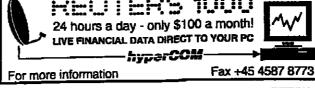




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# Lara, Venezuela's Post-Oil Model

ر المراجع الم

By James Brooke

New York Times Service BARQUISIMETO. Venezuela -- la the oil boom of the 1980s, the Venezuelan state of Lara was a slighted stepsister. Lara had no oil wells, no refineries, not even a petrochemical plant.

Without oil, workaday Lara trudged along growing potatoes, picking coffee, bottling beer, forging steel, exporting onions and assembling vacuum eleaners.

But with the country's oil industry reeling from a fall of nearly 40 percent in prices since the start of the decade, business is instead looking to Lara's thriving, diversified economy as a model for Venezuela after the oil era.

MARAIS, charming living ± 2 bed-rooms, full- equipped, TV, guest F7.500 net Tel 1-278 8905 ofter 7pm. "We are getting a reverse flow - profession-LATIN QUARTER, 2-room flot in town house emance bidden both sunny, each heading Dwiner Tel 1-434 65 of WELCOME RENTAL (inrashed remote at competing ancies, 2 nights? years Tel 1-40 20 31 27 Fps. 1-40 73 48 60. als and laborers are now moving here from Caracas," said Rafael Marcial Garmendia, a local rancher who is president of Proinlara, a private investment promotion service. "We don't depend on oil. We don't depend on the ILE ST LOUIS were an Notre Dame, 100 sam, top floor presingous flat, Reception 1 pedroom, Fr30,000, 1-5361359 state. Over the last 20 years, we have had the fastest rate of industrial growth."

Growth has meant a new baseball stadium and modern buildings sprouting along spacious boulevards. Barquisimeto. Lara's suburb-like state capital, frequently ranks in polls as Venezuelans' second favorite place to live after Puer-

to La Cruz, a Caribbean resort.

A metropolitan area of more than 800,000

people. Barquisimeto last year won a status symbol coveted by every Venezuelan community - a daily flight to Miami by Servivensa, a

local airline. For the rest of the nation, however, it remains hard to kick a decades-long dependency on oil. Venezuela, the largest supplier of oil to the United States after Saudi Arabia, was once described as a nation glued to an oil industry. The state oil company. Petróleos de Venezuela

SA, is Latin America's largest company. As recently as five years ago, exports by Petróleos de Venezuela accounted for 82 percent of national budget revenue. This year, the government expects oil exports to contribute 47

"For my generation, it will be the first time that we have seen oil fall below half of the national budget," said Treasury Minister Julio

Sosa Rodriguez, who is 70.

The most foolish thing of the last 20 years was to not diversify the economy."

Selling more oil for less money, Venezuela is seeing its other exports gradually rise — from 20 percent of total exports in 1990 to an anticipated 30 percent this year. In 1992, other economic activity surpassed oil. Slowly, a diversified economy is taking shape.

"We have to abandon the oil-royalty model," said Adolfo R. Taylhardat, executive director of Conapri, a group that lobbies for improved investment conditions.

Gold mining in the Venezuelan Amazon is attracting \$1 billion in investments, largely from Canadian, South African and Venezuelan companies. By the end of the decade, the nation's annual gold exports are projected to increase tenfold, to 52 billion.

Mining is going to be the next oil of Venezu-ela predicted Gustavo Cisneros, president of a local group that is joining with South Africans

to invest \$100 million in a gold mine Pulp and paper are attracting 31 billion in investment projects, largely from Colombian and U.S. companies.

In telecommunications, a consortium led by GTE Corp. is investing 56 billion to medernize Venezuela's telephone company.

investment in tourism is expected to rise. with the government planning to privative cight hotels, three racetracks and an airline in the next year. Under a new public concessions law. construction and repair of 14 highways is to be

Much of the new economic activity is cen-tered in this increasingly until region. Eights: percent of Venezuela's population lives four hours or less from Lara by road.

"Companies are expanding bere all the time," said Allan J. Robinson, a Briton who is general manager of the Barquisimeto Hilton.

"People may take a salary cut after Caracas, but they get a better quality of life less traffic.

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TOKYO - Five Japanese electronics giants Thursday forecast higher global earnings after posting mixed performances for the year ended March 31. The strength of the yen, particularly against the dollar, contributed to general slides in export profits.

The biggest turnarounds were announced by the leading semiconductor manker, NEC Corp., and the computer maker Fujistu Ltd. both of which returned to profit after steep losses in the previous

Hitachi Ltd. and Mitsubishi Electric Corp. had modest declines m group pretax earnings but projected recoveries for this year. Toshib: Corp. posted higher group earnings and said parent-company profit, which fell sharply, was expected to rebound.

NEC posted consolidated pretax earnings of 25.1 billion yen (\$240 from a year earlier, to 228 billion million), reversing a pretax loss of 37.7 billion yen a year earlier. Sales edged up 1.8 percent, to 3.5 trillion yen, despite reduced revenue from

#### Siam Cement Pours It On

BANGKOK - Thailand's biggest conglomerate. Siam Cement Co., said Thursday its first-quarter profit more than doubled from a year earlier.

Siam Cement and its subsidiaries posted profit of 1.44 billion baht (\$57 million) for the first three months of 1994, compared with 694 million baht in the first quarter of 1993, President Chumpol Na-Lamlieng said, as revenue rose 21 percent.

"Everything was up," the executive said. "Operating expenditures decreased due to lower interest rates, and the group also profited from forcign exchange rates."

The news sent the company's stock up 74 baht on the Stock Exchange of Thailand, to close at 1,054 baht.

About 200 million baht of the gain was due to decreased interest expenses and foreignexchange gains, Mr. Chumpol

HONG KONG — Cathay Pacific Airways is seeking alliances with China's airlines and is

considering the possibility of taking equity

stakes in them, the company's chairman, Peter

"We would like to be closer to the mainland

carriers, but that doesn't necessarily mean it has to be through shareholdings," Mr. Sutch said after the annual meeting of Swire Pacific. Mr. Sutch is also chairman of Swire, Cathay's par-

ent company, which holds a 51.8 percent stake.

the merits of entering into share-swap or equity

ANNOUNCEMENTS

He said that in the past, Cathay had not seen

Sutch, said.

computers and industrial electronic

"Although it is likely the Japanese economy will begin to recover in fiscal 1995, the severe operating environment may continue, owing to the further rise of the yen and the acceleration of structural change in the electronics market," a company spokesman said.

Fujitsu posted a profit of 44.1 billion yen, reversing a loss of 16.2 billion yen a year earlier. On a consolidated basis, however, figuring in the performances of all subsidiaries, its net loss widened 16 percent, to 37.7 billion yen, mainly because of the cost of restructuring Amdahl Corp., a computer-making

Subsidiary in the United States. For the current year, pretax carnings are expected to nearly double, to 90 billion yen, with sales recovering to around 3.2 trillion

yen, the company said. yen, as global sales declined 2 percent, to 7.4 trillion yen. For the current year, it forecast improved

earnings of 245 billion yen. Hitachi said its consumer products division had an operating loss of 46 billion yen, 4 percent larger

than in the previous year. Toshiba's earnings grew 5 per-cent from a year earlier, to 90.2 billion yen, but sales rose less than I percent, to 4.6 trillion yen, depressed by poor performances in consumer products, information and communication systems, and electronic devices

The company offered no forecast for pretax consolidated earnings in the current year.

'Although memory devices, liquid crystal displays and personal computers for the U.S. market recorded healthy sales, domestic sales of distribution systems, color picture tubes and medical systems in overseas markets were low," Toshiba said.

Mitsubishi Electric's group earnings fell 10 percent from a year earlier, to 71.4 billion yen, while sales fell 5 percent, to 3.1 trillion

For the current year, Mitsubishi forecast improved earnings of 74 billion yen on projected sales of 3.1

Chinese airlines.

"The yen's appreciation will continue, and capital investment by the private sector and building-related demand will remain inactive." Mitsubishi said.

## Vietnam's Currency Vicissitudes Exporters and Bankers Debate Devaluing the Dong

By Kevin Murphy International Heruld Tribune

HANOI — Buying a big bundle of Vietnam's currency, the dong about three years ago would have been one of Asia's better foreign-exchange bets, even if the largest note was worth only about 35 U.S. cents at the time,

From a low of about 14,000 to the U.S. dollar in 1991, the dong strengthened to a rate of 10,500 to the dollar throughout most of last year, in step with an economy recovering from its darkest days after the collapse of the Soviet Union.

According to some exporters and economists, however, it's now time to unload the

Despite its recent slip to 10,935 to the dollar, investment capital is pouring into the country, Vietnamese are a bit less desirous of holding dollars, and the local banknotes are

maintaining their overall strength.

Like other Asian economies whose currencies have felt upward pressure in recent years, Vietnam womes the rising dong will hurt its export competitiveness, one of the keys to its recent economic rehound

"There is some level of overvalue," said Do Du Dinh, hend of the developing economies study department at the Insutute on World Economy in Hanoi. "To encourage exports we should devalue, not all of a sudden, but step by step. A rate of about 12,000 could help."

But the State Bank of Vietnam, which said Nguyen Van De, chairman and general closely monitors the market-determined exchange rate, remains unconvinced.

"We will not depreciate our currency in the years to come," the bank's deputy governor, Le Van Chau, said recently at an investment conference in Hong Kong, where he denied that Vietnam was being pressed by its foreign

#### ASIAN MONEY MARKETS

advisers to devalue the currency by as much as 30 percent.

In a Communist country still in the sensitive stages of doi moi, or economic "renovation," stability — in exchange rates among other things — is a higher priority than year-to-year export statistics, some analysts argue. Dollars and dong circulate freely through-

out Vietnam these days, with the relative value of the two determined by a host of factors including trade and investment flows. domestic credit creation and interest rates, and public fickleness.

Given the immaturity of the reform process, tinkering with this delicate balance could harm the fragile public confidence in the local currency, some bankers and interna-

"We have learned plenty of lessons in this, and that is why we want stability overall."

director of Vietcombank, one of four stateowned banks adjusting to life in a commercial environment "People still use gold in property transac-

tions, but increasingly they are using dong in other big deals — that is welcome," said Mr. De, who retains vivid memories of the dong's rapid deterioration after it was unified into a single official rate in 1989 and fell sharply into line with black-market rates.

"I don't believe that all the purported advantages to depreciation now being handied about actually exist," said Erich Spitäller, senior resident representative of the International Monetary Fund in Vietnam.

"A lower dong would bring price increases for the many imports for which Vietnam cannot produce substitutes," he said, "and you have to ask whether Vietnam currently has extra export capacity that it can readily use if there is more demand for its products. In the short term, a wave of capital-goods

imports, continued deficit spending and lower commodity prices for oil and rice, the two leading exports, will probably offset the ma-jor increases in aid and capital investment. But if Vietnam reins in its budget and adds

value to its commodity exports - and if its oil fields create more foreign exchange — the dong will inevitably strengthen further.

campaign against fraud and em-

bezzlement in banks, tax-receipt

forgery and scams by foreign inves-tors, the official People's Daily

Stock exchange trading outlets,

plagued by corruption and even

sieges by angry investors, could

face closure in a separate investiga-

tion ordered by the Ministry of

Public Security, the China Securi-

ities have become a prominent

the People's Daily quoted Mr. Zhu

as saying at conference linking

2,000 meeting rooms across the

The crackdowns are a response

problem in our financial system.

"Fraud and other criminal activ-

ties newspaper reported.

country by telephone.

style financial markets.

• Indonesia's second-largest business concern, the diversified Astra International PT, said its consolidated net profit rose to 132 billion rupian (S61 million) in 1993, an increase of 63 percent from the previous year,

Composite Stock 950.76

· Japanese power companies said rate cuts for their services prompted by the year's surge dented profits in the year ended March 31; they said profits would suffer more if the government did not allow planned utilityrate increases this year.

Pai Shing, an independent China-watching magazine set up by the Hong Kong literary figure Hu Chu-jen, will publish its last edition next week; the publication has had heavy financial losses.

 Accor Asia Pacific Corp., formed last year by Accor SA of France and Quality Pacific Corp. of Australia, is embarking on several hotel ventures in China; the company will open a regional office in Beijing next week, a senior executive said.

• The Asian Development Bank announced formal approval of a 100 percent general capital increase to about \$48 billion after its annual meeting on new loan conditions.

• Mitsubishi Motors Corp., the Japanese car maker, has entered into a joint venture with Vietnamese and Malaysian partners to assemble automobiles in Vietnam, according to press reports in Hanoi.

Burma Attracts Investors

The Associated Press RANGOON - Total foreign inrestment in Burma has exceeded \$1 billion, a government spokesman

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Straits Times

All Ordinaries

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Stock Index

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to several embarrassing setbacks in said Thursday. China's push to set up a commercial banking system and Western-Brigadier General David Abel. minister for economic and national planning, told a trade delegation On Wednesday, the state press from Indonesia that 16 countries put China's stock markets on the alert for a flood of forged trading

had invested \$1.2 billion, with a further \$2.2 billion pledged. General Abel said most of the

ufacturing, transport, and the hotel and tourism industries. Thailand is the leading investor,

at \$210 million. The United States is second with \$203 million. Other investors in Burma, he said, include Australia, Austria, Bangladesh, Canada, China, France, Hong Kong, Japan, South Korea, Macao, Malaysia, Singapore, the Netherlands and Britain.

The Indonesian delegation, led by Trade Minister L.R. Hartarto,

## Oil Companies Disillusioned With China

forms and anti-corruption drives cargo to another Chinese buyer at a sweeping the country, industry

Some foreign companies have even sued Chinese companies in recent months. This would have been unthinkable a year ago when foreigners were extremely wary of offending Chinese clients and

Many foreign companies have been patiently cultivating the potentially locrative Chinese market for years, often backing away in case of disputes to avoid jeopardiz-

ing years of hard work. Now some executives are saying they have had enough. New import bans and domestic price controls have slashed profits, and chaotic policy development is making even

short-term strategic planning a China is a big market with huge potential," a source at one Wall Street trading company said. "but

policies in each organization lack

agreements with other carriers. But he said, "I York, possibly before the end of the year. Mr. think the situation is different with China, and Sutch said that a number of airlines are talking

with them," he said.

transparency.

Cathay Seeks Ties to Mainland Airlines

therefore we will certainly have another look at

Mr. Sutch said Cathay's interests could be

"I think it would be in our long-term interests

damaged if a major European or U.S. carrier established a close alliance with one of the

if their relationships with American or European carriers were not unduly strong," he said.

Two major state-owned Chinese carriers, the

Shanghai-based China Eastern Airlines and

China Southern Airlines Group, based in

Guangzhon, intend to list their shares in New

One Wall Street trader recently SINGAPORE - Foreign oil managed to wangle \$750,000 from companies are becoming increas- a Chinese state oil enterprise after disillusioned in their dealings the latter went back on a deal, causwith China despite the market reing the Western concern to sell the

> much lower price. At the time, rumors swirled that the first Chinese company might have gone back on the deal when spot market prices went against it. Prices sagged below \$150 a metric ton around the lifting date, from

\$166 when the cargo was first sold. "Unlike Western companies," a Western trader said, "most Chinese companies do not have any risk nagement. So when prices move against them, they suffer huge

losses, and they walk away from their earlier deals." High on the foreigners' list of complaints is the need to dole out gifts ranging from a carton of foreign cigarettes to expensive Swiss

"Such outlays can add another 3 percent to business transactions," a Wall Street trader said. "But most companies still do it because the

costs are still bearable.

"They do know that we wish to work closely

Analysts said that by establishing links with Chinese carriers, Cathay would improve its

chances of remaining Hong Kong's dominant

airline after the territory reverts to Chinese rule

1993 after-tax profit, to 2.29 billion Hong Kong

dollars (US\$296 million) partly on stiff compe-tition, particularly from U.S. airlines.

Cathay had blamed a 24 percent decline in

TODAY'S

HOLIDAYS

&

TRAVEL

He added that the more sophisti- and central bank governor, on

"No one can commit to anything," he said. "Not the product, delivery destination or volume. I

think, for the moment, Malaysia

will wait for a clearer policy direc-

trip had been difficult.

cated Chinese nowadays prefer

For newcomers, ill-defined areas

of responsibility in each Chinese

organization also pose an obstacle to gaining a footbold in China's

An executive from the business

development group of Petco, an affiliate of Malaysia's state oil

company, commented that his last

hard cash as gifts.

tion from China. A Crackdown on Abuses Warning that widespread financial crimes could derail its reforms, China has ordered twin crack-

stock trading outlets, major Chinese newspapers reported Thursday, according to Bloomberg Business News in Beijing.

Zhu Rongji. China's vice premier

downs on abuses in banks and

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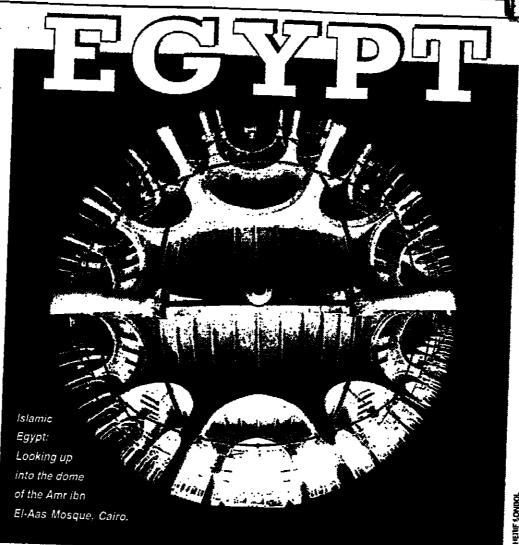
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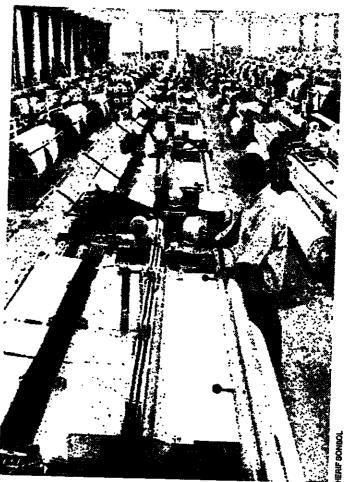
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industrial Egypt: A modern textile plant in action at Alexandria.

## THE WAY FORWARD: SUSTAINABLE DEVELOPMENT

n Cairo, the hotels are still comfortably full, despite showing remarkable resilience. Profits are harder to come by, but in general, the private sector is weathering the world recession. Private investment, though still modest at \$500 million a year, is rising. Investment in tourism projects, particularly away from the Nile valley, continues apace, and industry specialists report buoyant demand for construction materials and transport.

In short, the pace of development has not faltered. Indeed, if anything, it has quickened. Confirmation of this comes from Abdel-Shakour Shaalan, Middle East director of the International Monetary Fund, who predicts growth of 4 percent in the fiscal year ending June 1994. This compares with only 2 percent for the previous two years.

Agriculture continues to shine, the capital goods order book is growing

textiles, are picking up. Another sign of the corner being turned is the success there being fewer tourists around. The economy is spending. Inflation is down to 10 percent, and the budget deficit for fiscal 1993-94 should be within the 2.9 percent of GDP ceiling stipulated by the IMF in the structural adjustment program. Further, because the authorities have been more efficient in raising taxes - a simplified personal income tax was introduced in January, and a generalized sales tax will be replaced by VAT at the beginning of next year they are able to budget for a rise in spending for the coming fiscal year of 25 percent, to 84 billion Egyptian pounds (\$25 billion).

The business community has not fully taken into account these improvements. "There has been a lag in economic awareness of how things have improved," says Shafik Gabr, executive vice president of the American Chamber of Commerce in Egypt. He adds: "For the first time, the economy and manufactured exports, particularly is worth investing in. You have the

framework, and if you add in the incentives, you have an attractive package. However, you still too often have a lack of precision and an inordinate amount of red tape."

Even the curtain of red tape is lifting. however. Although it can still take an inordinate amount of time to approve large investment projects, the situation has been transformed for smaller projects. The decision to approve investment projects of less than 5 million Egyptian pounds quickly has been so successful that the ceiling is being raised to 10 million Egyptian pounds. This move is highly significant because the most daunting challenge facing the government is creating 500,000 new jobs a year, and these are most likely to be created by establishments of fewer than six people.

The liberalization of interest rates, tariffs and, more recently, the foreignexchange system has also helped clear the bureaucratic undergrowth. The new foreign-exchange law before Parliament will abolish all remaining restric-

tions on repatriating export earnings. There is a growing acceptance that the policy framework is now sound and secure. "At least we are going in the right direction," says Mohamed Ozalp, senior general manager of Misr International Bank. "I believe that when the economy gets going, it will go by itself. There is tremendous potential, provided the spark plugs fire. Structural reform has lagged, but it is starting to come about. It is very important to see the degree to which privatization will go forward and if it will succeed."

The slow progress of the privatization program has been the one negative factor in the government's record. It is vital that it succeed for a number of reasons. The \$16 billion in reserves amassed by the Central Bank is sustained by a 8.75 percent interest rate differential between the Egyptian pound and the dollar. These funds will have to find local investment outlets or the cost of servicing them will become crippling. The stock market needs a steady stream of privatizations to main-

tain the excellent performance it achieved during the past year and give it depth. After rising 63 percent in 1993, the Kidder Peabody Index has jumped a further 60 percent since the beginning of the year. The market is still thin; however; only about 30 stocks are being actively traded.

How the government proceeds with rivatization after the final tranche of debt relief has been drawn down in June will be an indicator of the security of the economic reform program. This will remove the last vestiges of leverage the international community has over the implementation of policy. Providing the government follows through with privatization (and the extra finances available from the state budget for social programs will help stiffen its resolve), the economic landscape

should start opening out.
The regional peace Egypt has worked so doggedly for, now within reach with the implementation of limited Palestinian autonomy, should transform the investment climate.

The prospects for industrial investment in Egypt are now brightening. The French automaker Citroën, like Peugeot, General Motors and Suzuki,

is now assembling cars in Egypt. The buildup of tourism capacity reflects investor confidence in this sector, and some, like Tarek Heggy, chairman of Shell Companies in Egypt, believe tourism could be a \$20 billion industry. The Egypt-based Kuwaiti businessman Saad al-Mutawa thinks Egypt is a natural home for Arab investment and predicts it will become a prime destination for Arab capital in the coming

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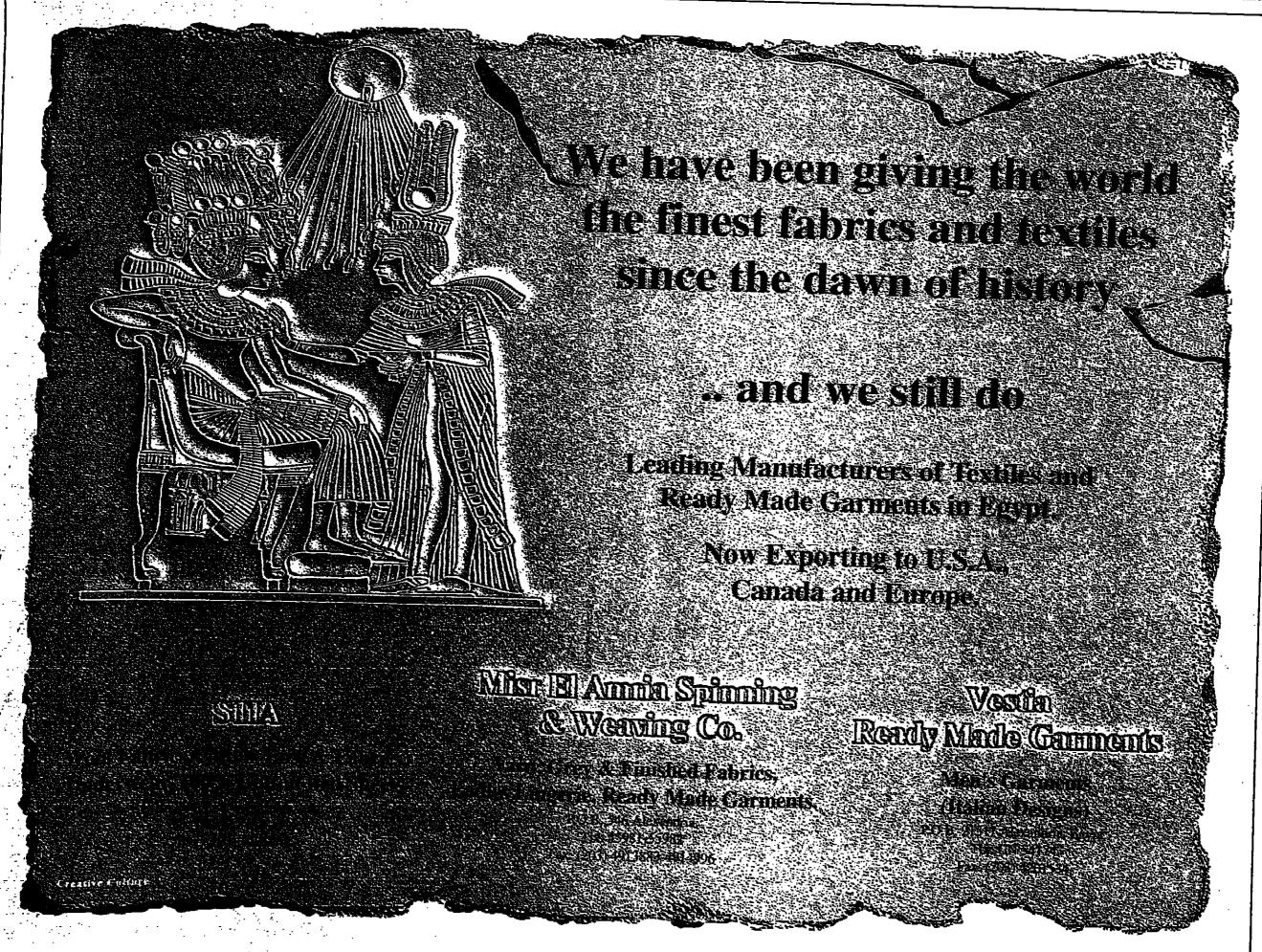
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Egypt's energy prospects are also improving, thanks to recent gas discoveries. Estimated reserves of 15-20 trillion cubic feet are enough to last for over 40 years at current consumption rates. Egypt could be exporting gas in

The glittering prize of sustainable growth would seem to be within reach, but Said al-Naggar, head of New Civic Forum, an independent economic think tank, sounds a note of caution on the need for political reform. "You cannot have sustainable development without democracy and human rights," he argues. "The world around has changed completely from what it was in the 60s

Alan Mackie



## EGYPT

## **GROWING EXPORTS BRING** TEXTILES BACK TO PROSPERITY



Textiles provided the backbone of the industrialization drive of the 1920s and 1930s. Today the industry, comprising 31 parastatal and two private-sector mills, is benefiting from the extensive rehabilitation undertaken in the 1980s, courtesy of the World Bank and USAID.

Yet the industry remains a sleeping giant in some ways. finding it hard to kick the socialist habit of producer-led production sending cheap cloth and badly designed apparel to accumulate in government stores.

The industry's recent export successes tell a different

story. Textile exports to the United States have grown from zero to \$140 million in less than a decade. And last year, the jump in sales of men's shirts was so sharp nearly six times to \$30 million - that U.S. shirtmakers have called for protective

Behind the scenes, the private sector has been steadily consolidating its position. Spinning still remains a public sector preserve, but 30 percent of weaving and 60 percent of knitting is now in private hands, produced mostly from modern plants in the new industrial cities. while 70 percent of garment manufacturing is undertaken by a huge cottage industry of some 3,000 small to medium-sized firms.

The private sector is spearheading plans to penetrate nonconventional markets and raise textile exports, currently worth \$600 million a year (just over 40 percent of production) to \$1 billion

Several factors explain the



Spinning in a giant Alexandria plant contributes to textile exports worth \$600 million a year.

company to pay workers 450 Egyptian pounds (\$133) a month, more than twice the average wage of 160-200 Egyptian pounds a month for garment workers.

Stia has traditionally im-- is management. The three ported some raw materials not available locally, such as clothing businesses run by Australian wool and certain Ahmed Aboul Wafa provide synthetic fibers. Roughly 25 percent of production slated El Nasr Wool and Selectfor 1994, which will be worth 210-215 million Stia) is a public-sector success story. In 1982, Mr. Egyptian pounds, will be 3.6 million ready-made garments - knitwear, underwear and T shirts. Roughly yarns and fabrics for 30 percent of production, menswear and women's cloth and garments, is exwear. Since then, the work ported.

The second company in Mr. Aboul Wafa's stable is a maker of men's' trousers, jackets and suits. Vestia Ready-Made Garments Co.. access to European and othductivity has enabled the a joint venture in which Stia er markets, but that was slow cloth sold locally goes itive with Thailand, al-

has a controlling interest and to materialize. The result the French company Vestra Union and the Arab Investment Bank hold the remaining equity. Stia provides the fabrics and Vestra the cuts and accessories, all of which are imported. Vestia exports about a third of its production to France (Pierre Cardin is a customer). Germany, Russia, Arab countries and

Perhaps the most interesting of the companies - and certainly Mr. Aboul Wafa's greatest challenge - is Misr Amria Spinning and Weaving Co., one of Egypt's two private-sector textile groups. When Banque Misr first thought of building a modern textile complex in the late 1970s. it assumed that it would have

was huge overcapacity. Ab-doul Wafa began by leasing some of this spare capacity to U.S., Italian and Southeast Asian companies.

Now that OECD markets

are beginning to open up, gearing up to exploit the opportunity is proving difficult. Amria began to feel the competition in 1992, when turnover marked time at 302 million Egyptian pounds and export sales actually fell 22 percent, to 101 million Egyptian pounds. Europe, the biggest export market, accounts for 75 percent of sales, the United States 20 percent and the rest of the world 5 percent.

The dilemma the company faces is that its most secure market, textiles, is also its most protected market. Most

Subsidy Fund. A regular 50 million Egyptian pound order for fabrics from some of have to be right, and effi-Europe's premier hotels takes up a large slice of the 7.5 percent of Egypt's European fabric export quota allocated to Amria (although it does export some cloth outside the quota).

Until the Multi Fiber

Arrangement is phased out over the next 10 years, the main area of opportunity will be ready-made garments, the sector where competition is most acute. Amria has been trying to diversify into other markets. The company's export managing director, Laila Fahmy, for example, recently visited the Far East, a market considered to have potential. But Amria is barely compet-

through the Government though labor rates there are eight to nine times higher. The quality and the price cient operating systems have to be in place," says Mrs. Fahmy, "There is still too much labor and too much

> Partly because of these disadvantages. Egypt has barely begun to tap the potential of the \$200 billion global textiles and garment trade. "Egyptian textile com-panies need the protection of quotas to ease them into the world market," claims one industry expert. "They also need to concentrate on quality control and more aggressive marketing." he adds. Observers state that these are precisely the skills the private sector is introducing into the equation.

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## NEW SERVICES OPEN WAY TO PROFITABILITY FOR BANKS

vices industry in Egypt is undergoing a cultural as well as a of Alexandria, consolidated technological revolution as the state banks prepare to divest themselves of part of their joint venture shareholdings, capital markets get into their stride and automation begins to transform the cent, to 13 billion Egyptian very nature of retail bank-

private sector's success. In

the first instance, it has con-

centrated on finding markets. Second, it has given

priority to assembly, in

many cases of imported ma-

terials, accessories and even

cut fabric, if the quality of

local production has not

been up to scratch. World Trading Co., with about a third of the Egyptian gar-

ment market in the United

States, is typical in import-

ing nearly all raw materials

for assembly in Egypt. A

third factor is the sector's

adaptability. As the order books grow, private-sector companies have been leas-

ing public-sector plants and

in some instances supervis-

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ment in the success of any

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Alexandria-based textile and

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percent and profit margins

Invariably, the critical ele-

themselves.

dustry is experiencing a pounds, and its loan portfoshakeout as it enters the stage in the financial cycle billion Egyptian pounds. after inflation is tamed. when interest rates fall - Tbill rates have come down from 21 percent in late 1991 to around 13 percent - and the deposits so assiduously collected become expensive to service.

The slowdown is reflected

he banking and in the way the Big Four state financial-ser- banks, National Bank of Egypt. Banque Misr. Banque du Caire and Bank their operations in 1992-93. The biggest, NBE, actually shrank its balance sheet marginally to 43.8 billion Egyptian pounds (\$13 billion), although lending rose 20 perpounds. Banque Misr raised its balance sheet 16 percent At the same time, the in- to 39.4 billion Egyptian lio rose 18 percent, to 11.0

> The smallest of the Big Four. Bank of Alexandria. put in a robust performance. increasing its balance sheet by 16 percent to 14.3 billion Egyptian pounds, and its loan portfolio 17 percent, to 5.8 billion. Bank of Alexandria was the most profitable on an asset utilization basis, but NBE produced the best profit improvement: an 8 percent rise, to 70 million Egyptian pounds.

Competition has intensified, "Fees and commissions have been deregulated and margins have come down significantly, to the benefit of the customer," says Moharned Ozalp, senior general manager of Misr International Bank (MlBank). Because lower interest rates are making deposit-taking a far less attractive proposition and the number of borrowing opportunities is still limited, banks are now trying to develop new services to offset traditional revenues.

"Historically, they relied on lending. Now lending is letter of credit, cash management, consulting and credit card businesses," says Mr. The credit and hire pur-

chase schemes of big stores are also being promoted by several banks in a bid to boost lending and stimulate consumer spending. The Bankers' Association of Egypt is backing a study on mortgage schemes. Housing loans have been virtually nonexistent because of the unreasonable collateral traditionally required.

At the same time, automation and the spread of credit cards are beginning to change the face of banking at least in Cairo, where automated teller machines are have a significant impact on demand for its new international Visa card that it sold the 6,000 subscriptions anticipated for the first year within three months. The demand for automated services

For the time being, the focus is internal, but the Cenless attractive, and they are tral Bank is studying the eslooking at expanding their tablishment of an automated national clearing system. Egypt finally became a member of SWIFT, the international payments system, in April and should be on-line this September.

is insatiable.

The 30 or so joint-venture and investment banks and 22 foreign branches operating in Egypt have concentrated on developing services to attract and retain high-net-worth clientele. Some of the weaker ones have had to consolidate, reduce their liabilities and improve their loan portfolios to

meet new capital-adequacy and credit ratio requirements brought in to conform with the Basel agreement

appearing. NBE had such their business and on the provision of financial services generally is the decision to allow foreign branches with a capital base of \$15 million or more to deal in Egyptian pounds. Citibank, American Express, Crédit Lyonnais and Arab Bank have already obtained licenses: Banque Paribas, Credit Suisse and Bank of America are believed to

> have applications pending. Banks are assisting the development of capital markets in a number of ways. Banque Paribas has guaranteed a 30 million Egyptian pound bond issue - the first to be launched in Egypt for 40 years - for Hoechst Ori-

Egyptian banks are moving into the mutual fund business - NBE is launching a 100 million Egyptian pound open-end mutual fund, while Banque Misr has

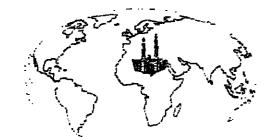
plans for a 200 million Egyptian pound fund.

Such is the pressure to develop off-balance-sheet profit that the provision of investment services is proving popular. Commercial International Bank (Egypt-CIB) has established a fulifledged merchant banking division to advise on fund and portfolio investment and asset liability management. Banks are also cashing in on the stock-market boom by offering margin finance. NBE is opening a commodity broking agency and forging links with insurance companies to sell-life insurance, and its affiliate CIB is establishing a joint-venture insurance company.

Under the privatization scheme, the Big Four will reduce their holdings in some 12 joint-venture banks to minority stakes by the end of 1995. NBE has already successfully divested a tranche of shares in CIB and plans to float a second tranche during 1995, which will leave it with a 35 percent stake in CIB. A.M.



A LEADING BANK IN EGYPT AND THE ARAB WORLD



Data and indications of Banque Du Caire Consolidated Balance Sheet on 30 /6 / 93

- Total Balance Sheet reached L.E. 17.8 Billion.
- Total Deposits reached L.E. 14.5 Billion.
- Total of Loans, Advances and Investments reached L.E. 10.3 Billion.
- · Verifying the World Required Capital Adequacy Ratio.
- Banque Du Caire has foreign branches in the Arab Countries · Banque Du Caire is the first Egyptian bank having a representative office in the commonwealth countries. Kiev. Ukraine.

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  - Nile Co. for Tourism

Cairo Radiology Center

- Nile Co. for Reconstruction
- Nile Co., for Money Exchange
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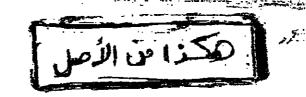
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## PREPARING FOR AN INVESTMENT BOOM

rom the top of the World Trade Center, Cairo looks ordered and manageable. Magda el Monasterly-Dabbous, in her office suite on the 19th floor, must hope that it remains that way, for she has just launched MegaVest International, Egypt's first full-fledged international

brokerage firm. Ms. Monasterly, an Egyptian who trained and has spent her working life in the United States, has long dreamed of returning to Egypt to build a business for her grandchild. In 1992, the passing of the law on capital markets provided the right

opportunity.
Resolved to be in on the ground floor of the development of the new Cairo Stock Exchange, she decided that if she came back from the United States she would create something other than just another brokerage. "Anyone

can be a broker," she says, "but to provide the economics, finance, psychology and the technology for predicting what is going to happen, to see and understand the effects on the price of stocks, is a different matter."

She came with only one portfolio executive on her

Real-estate prices remain high

staff, and since opening in December has been recruiting young Egyptians with MBAs in finance and accounting. She currently has a staff of 22, all but two of them working on the inter-national market.

For the time being, she is concentrating on getting plugged into international networks. On the rooftop, a satellite dish links the Arab-American Group for International Investments

(MegaVest's full name) to all the major financial centers of the world and provides the only S&P Comstock service in Egypt. Through association with Dean Witter Reynolds Inc., the firm has access to financial markets in the United States and Canada, Similar associations are planned with Mees Pierson Investment Finance in London and a Japanese house in Tokyo.

MegaVest plans to open

branches in Arab countries

and eventually in New York.

Coming at the investment scene from a very different angle is the Kuwaiti group Abdulaziz Ali Mutawa (AAA). While Ms. (AAA). While Ms. Monasterly is an expatriate Egyptian re-establishing her roots, the Mutawas are a Kuwaiti family with extensive interests in the Arab world, Europe and North America and a business in Egypt dating back to 1953.

In the traditional Kuwaiti

manner. AAA has built its industrial investments on trade and property investment and management, particularly of industrial sites. as a large part of effective financial management is often utilization of the underlying property asset. Indeed. Saad al-Mutawa, a son of the founder and manager of the Egyptian company, attributes a major cause of company failure to bad financial structuring. Despite having 75 percent of its assets in real estate, the company carries no debt.

AAA has a number of industrial investments: a 10 percent stake in Schindler, the elevator manufacturers. a bathtub manufacturing plant and a 90 percent stake in a fiberglass plant that has successfully diversified out of plastics. Among its principal agencies are Volvo and MAN.

The main thrust of the company's energies remains



comfortable here as investors," says Mr. Mutawa. He believes footloose Arab capital currently in Europe

and the United States could

village at Ain Sukhna, south find a permanent home in of Suez, is under develop-Egypt over the next decade. ment, and an imaginative Viable investments are esresidential real-estate project is being launched near the sential to attract it. Real es-Pyramids. The group is also working with the Real Estate is a favored investment. But everyone also agrees on tate Bank to develop a midthe prime importance of a dle-income housing comhealthy stock market to plex on a planned ring road near the Pyramids."We are channel the inflow of Arab

Real estate development remains one of the main outlets for investment in Cairo.

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## PRIVATIZATION: NEW PLAN BEGINS TO PAY DIVIDENDS

little more than one year after it was launched, the privatization program in Egypt is taking shape and gathering momentum. As the government's commitment to the process becomes increasingly evident, results are being achieved and precedents are

being set. More progress can be expected as formulas are developed to overcome delays and the government's efforts to win support for this policy start to pay off.

Shortly after he was ap-pointed minister of the public enterprise sector in December 1993, Atef Ebeid said in reply to questions in the Upper House of Parliament, "We have found it unreasonable that our investments be idle or producing held extensive meetings modest returns, while we sustain costly debts in order charge of 17 holding compato maintain these invest- nies that own 314 public enmenis, i ded we compiand about the high level of indebtedness to the banks and the increase in the annual burdens imposed by these boost to the privatization

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He emphatically defended the government's stance on the role of foreign experts, saying, "We have learned from them without shame or false pride and gained enough experience to prevent us from making mis-

To allay other fears, he emphasized the government's determination to broaden the base of ownership in the public sector and welcome foreign investment in ventures requiring knowhow and technology, and its intent to prevent labor's in-

terests being affected. Soon after he was put in charge of implementing the government's program to divest all or part of its share in small and medium-sized companies and restructure the public sector, Mr. Ebeid with the executives in ises and have snare 262 joint ventures with the private sector. The aim of this exercise was to give a process by reviewing and as-

sessing the outcome of earlier efforts, developing ways of removing hurdles, setting standards for the public enterprises' performance and developing formulas to

> Strong response to revised offer

speed up the implementation of the process and make it more effective. As a result of the new ap-

proach, the Holding Company for Housing, Tourism and Cinema, which had few or no replies to the offers it made last year to sell assets, received a stronger-than-expected response to its latest offers for principal investors to take controlling stakes and direct management in

three of its affiliated companies. A total of 22 firms expressed interest within two weeks after advertising appeared locally and overseas for the privatization of Al-Ahram Beverages Co., the Egyptian Vineyards Co. and Misr Duty Free Shops Co. The list of interested firms includes major foreign corporations such as Sumitomo of Japan and Philip Morris of the United States, in addition to local and foreign institutional and private in-

Arab investors. Referring to the early results of the process and pointing out that the deadline for potential investors extends through July, the chairman of the Holding Company for Housing. Tourism and Cinema, Hamed Fahmy, says, "This

vestors, including groups of

time the response is much better, but we realize that there is more effort to be made.

in real-estate development.

developing tourist and resi-

dential complexes. A tourist

has a string of companies

Some of the sale offers for the first batch of 20 companies and assets did not attract buyers, and in other cases potential buyers dropped out before deals were made, but three major sales were concluded successfully and a fourth is in the pipeline.

The first was the sale of El-Nasr Bottling Co., which has 14 plants countrywide, to Coca-Cola International and a group of Arab investors for 325 million Egyptian pounds (\$96 million). The buyers, who reached an agreement last December and signed it last month, also committed themselves to maintaining the labor force for three

the capital market. The two other sales include that of the Egyptian Bottling Co. to the franchise owner Pepsi Cola International and a group of investors for 157 million

years, investing 500 million Egyptian pounds to expand and upgrade the facilities,

offering 10 percent of the

shares to an employee share-

ownership scheme and di-

vesting 30 percent of the

company's shares through

Egyptian pounds and El-Nasr Boilers Co. to a group led by the Canadian firms Babcock and Wilcox for 55 million Egyptian pounds. Negotiations on the sale of a controlling stake in the Cairo Sheraton hotel to a group of Arab investors are close to being successfully concluded.

Offat El-Tohamy

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## A Businessman's Answer To Egypt's Problems

Tarek Heggy, the chairman of Shell companies in Egypt and a leading businessman and economist, does not mince his words. "Egypt is at a crossroads," he says. But he is not about to cut and run. Appointed at the tender age of 37 to run Shell's operations in Egypt, he could have settled anywhere. His commitment to Egypt is only matched by his enthusiasm for Shell as a paragon of the management style he would like to see introduced in his country.

Mr Heggy believes Egypt's potential is gravely underestimated by the West. "Egypt should not be considered as a Third World country," he says. "It started like Japan and should by today be at the same level

as South Forea at least." Mr. Heggy belongs to a group of Egyptians

who believe they can make Egypt like lapan in two decades, and he has clear ideas as to how this transformation might be achie-

Egypt used to have a vibrant middle class, thanks to the foresight of Mohammed Ali, who in 1826 began to send groups of young Egyptians to France for training at five-year intervals. "Mohammed Ali had a great admiration for all things French " says Mr Heggy "He wanted Egyptians to look

toward France, and Egyptians were happy to follow him. This put Egypt on a different plane from other Arab countries

By the turn of the century, the sons of these foreign-educated Egyptians were aged 40 to 45 and were laying the foundations of a secular middle class and democracy This might be described as Egypt's modern golden age.

The British occupation stifled the democratic experiment, however, and with it the middle class. Later, Nasser's Socialist revolution came close to destroying it The formative experience in Egypt's recent history was the 1967 defeat by Israel, which crushed national morale. The nation has been trying to rebuild it ever since "We will get to the core of the problem when

Egyptians go back 40 years and analyze how we messed up education, agriculture and construction," says Mr. Heggy Mohammed Ali expanded the area under cultivation from 1 to 6 million acres in 40 years. In the same time span, the 6 million was reduced to 5 million acres. We not only eroded I million acres, but also built a lot of concrete rubbish without sewage systems. without infrastructure, which you cannot even connect to the electricity supply. To move on, we have to admit these great mistakes and accept that we created a system of mediocrity that did not allow talent to grow."

Mr. Heggy looks back to the 1920s as a model because at that time society successfully differentiated between religion and everyday life "You can be a good Muslim and go to paradise if you wish, but this has nothing to do with building bridges or roads or making cars," he says. He points out that the political, economic and criminal doctrines described today as the islamic set of rules were all established over 100 years after the Hijrah, the start of the Islamic era. In fact, it was left to the individual to know how best to formulate the rules in harmony with Islam, a process the early Islamic philosopher Abu Hanafa described as "trying to extract practical judgement from the theoretical rules."

It is also a mistake to talk of one Islam, Mr. Heggy argues. Egypt's Islam is particular to its unique social and political history, and it is misleading to draw parallels between Islamic radicalism in Egypt and, say, Algeria.

Mr. Heggy believes there is a preliminary stage in reviving the country's fortunes: the establishment of a managerial infrastructure that can set the framework for development and

provide incentives to people. "Young Egyptians lack a role model," he says. They haven't seen competence. If you demonstrate good value, other people follow."

Opportunities need to be created to allow talented young Egyptians to compete in the international arena. Mr. Heggy himself has paved the way for 26 young Egyptians to win positions in Shell International. He hopes they will stay for a while, then come

back and keep coming and going.

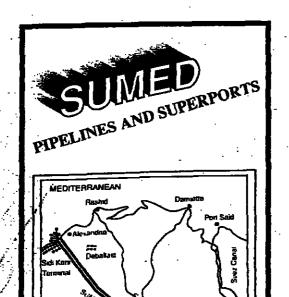
He adds: "Between technocrats and government, there needs to be a layer of government with vision, as in Korea and Singapore. It is not good enough to have one or two good ministers, you have to attract back a cadre of management that can begin the process of change. You have to have a root and branch reform of the education system, and you need demo-

He complains that the planning cycle of the ruling class is very short-term. When I talk to ministers about the future, their minds go to September this year - and I'm worried about Egypt in 2020," he says. Using the analogy of his own business, he says it is necessary to think in terms of prolonging oil reserves and adding to their lifespan. To do this, companies that have money and technology must be attracted to the country. "When Shell and Mobil move into a country you attract a cadre of second-rank companies," he says.

The investment process needs to be speeded up because the World Bank and the IMF estimate that Egypt needs 650 billion Egyptian pounds (\$192 billion), or 40 percent of GDP, to create jobs up to the year 2000. Egypt cannot do this alone.

"You need industrial plant that creates added value fast, to help technology transfer and job creation. These have to be multinationals," he says.

Mr. Heggy believes the business class has to be in charge of the economy before the end of 1995. IMF and World Bank deadlines fall before mid-1995. and he feels that people with vision, strategy and objectivity are needed to help meet them. Planning needs long-term cycles.



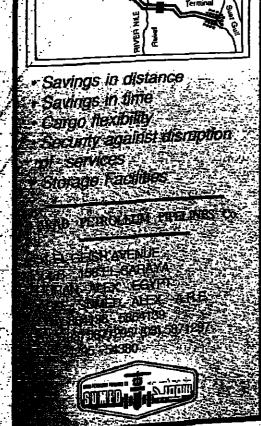
This advertising section was produced in its entirety by the supplements division of the International Herald

Tribune's advertising department. It was written by

Alan Mackie, a London-based specialist in Middle East

affairs who visited Egypt for the section, and Olfat El-

Tohamy, a writer and business consultant based in





#### **ARAB INTERNATIONAL BANK**

Capital Paid Up Reserves

US\$ 190 Million US\$ 95 Million

Five	Years	Figures
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(In millions of US dollars)

	89	90	_91	92	93
Total Balance Sheet	2076	2247	2482	2507	2272
Deposits	1755	1913	2144	2214	1925
Loans & Advances	558	554	537	541	362
Reserves	83	85	87	92	95
Commitments & Contingent Liabilities	392	361	416	315	381

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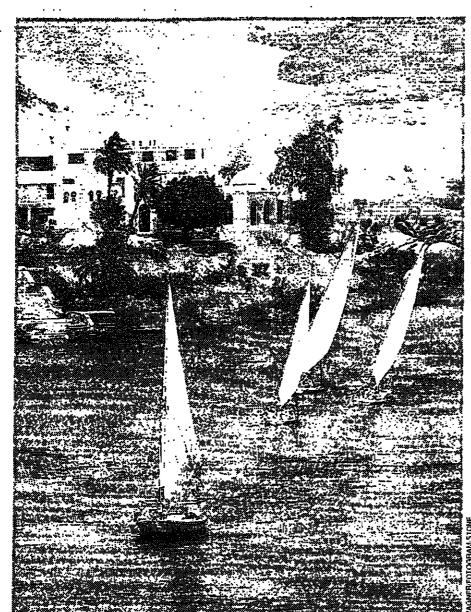
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ADVERTISING SECTION



Sailing on the Nile at Aswan - one of the abiding attractions for tourists.

## TOURISM CLIMBS BACK TO RECORD 1992 LEVELS



douh El-Beltagui, says, This is the beginning of a trend: tourism picked up in March, and there are indicators that April was better. The situation has improved dramatically.

Pointing to the government's successful crackdown on terrorists and the emergence of a national consensus against intimidation and threats propagated by fundamentalist groups. he asserts that the direct threats to tourists were minimal, as they resulted in four deaths among 4.5 million tourists over an 18-month

The tourists have reacted normally, but the media has overreacted and exaggerated

fficials and pro- the facts. he says. "The dating on average 4 million fessionals in the negative and unfair image is tourists annually) and debehind us now.

Although the violent incidents began in the fall of 1992, that year remains the peak year for tourism in Egypt, with 3.2 million visitors who spent 20 million nights in Egypt, producing an income of \$2.1 billion. In 1992, the numbers fell by 22 percent, the nights by 32 percent and income by a much higher 39 percent, according to the latest report prepared by the Ministry of Tourism and Civil Aviation. It says that the reason behind the disproportionate fall in income is the lowering of

effort to attract tourists. Mr. El-Beltagui says that he has received the support he had requested from the government to launch an intensive and diversified promotional and marketing effort, with the aim of helping tourism recover this year to its 1992 levels. The plan will target six main markets in Germany. Britain, the United States. Italy, France and Japan, and tap new markets such as South Africa and Southeast Asia.

rates charged by hotels in an

The focus of the efforts is to bridge the gap between supply (facilities accommo-

• The flow of crude oil through SUMED pipelines

from Ain Sukhna on the

Gulf of Suez to Sidi Kerir on

the Mediterranean has been

increased by the construc-

tion of an intermediate

boosting station at

mand (an average occupancy rate of only 42 percent last year). The goal set by the national development plan is for the number of tourists to reach \$4.3 million and the income from tourism \$3.5 million in 1996-97. Mr. El-Beltagui points out that investments in tourism, which has been the leading private- and foreign-investment sector over the last few years, have continued to grow despite the

billion in new projects now being implemented. These include a giant pro-

downturn. These invest-

ments have peaked at \$1.2

ject to develop the peninsula of Abu-Soma, 45 kilometers south of Hurghada on the Red Sea, at an investment cost of over \$30 million for

the first phase. Mr. El-Beltagui says that Egypt's potential for development remains largely unexploited and points out that of 1,080 kilometers of Red Sea coastline south of Hurghada, only the areas surrounding the resort cities of Hurghada and Safaga have so far been developed. Other areas slated for touristic development include the coastline between Taba and Sharm El-Sheikh in Sinai. El-Fayoun and Siwa oases Mediterranean in the Western Desert, the



Mamdouh El-Br

### MAJOR ROLE IN PEACE TALKS BRINGS REWARD

With peace in the Middle East coming nearer, there are those who fret that the government will not move fast enough to see that Egypt gets its fair share of the peace dividend

"My concern is that the world is changing faster than Egypt," says Shafik Gabr, executive vice president of the American Chamber of Commerce in Egypt. "Egypt played a giant role in the peace process. It needs to take its fair share of the economic dividend of peace."

BUSINESS BRIEFS: ENHANCING ASSETS

mum. Egypt has passed a

law permitting the activities

of SUMED to be extended

from January 2001 for an-

Bank is set to move into its

Arab International

other 27 years.

up to the pipeline's maxi- the next three months. AIB

The chamber has been active in casso-ing that Egypt's interests do not ger order looked. It was instrumental in concerning an oversight that would have prevented Egyptian contractors from supplying materials and bidding for USAID contracts in Gaza.

It also intervened in the dispute ov men's shirt imports and had the quara-raised from 8.4 million to 13.2 million 'What we achieved was a good fire step," says Mr. Gabr.



Abdulaziz Ali Al- Mutawa

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ning and Weaving has been a central recreation area.

- To gain foreign expo-sure, Misr El Amria Spin-

will be occupying all but the

fifth of the first six floors of

the 19-story tower block it

owns, using the ground floor for a new branch. The fifth

floor will be rented to a

group that can make use of

the swimming pool, says

AIB Chairman Mustafa

All 30 shopping outlets have been rented - they at-tracted more than 100 appli-

laying the foundations of a luxury condominium in the shadow of the Pyramids for Real Estates Development. The Ville Blanche compound will be a self-con-tained community of 40 dis-plex apartments built around

promoting its Cut and Make" business, importing

materials and accessories

where necessary. It recently won an order from Levi

Strauss to make jeans and shirts for the U.S. market

ate. Arab Investment Co., is

AAA's real estate affili-

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THE BEST BANKING IMPROVEMENT RECORD IN EGYPT ાં હ્યું મુ

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# SPORTS

## Rockets Stop the Jazz in Foul-Filled Game 2, 104-99

By Anthony Cotton

Washington Post Service
HOUSTON — Game 2 of the National
Basketball Association's Western Conference finals began as a nasty, snarling cage match in which players shot air balls out of fear of being smacked and threatened to

#### NBA PLAYOFFS

leave everyone - players and coaches from both teams, the fans at the Summit and perhaps even the NBA commissioner. David Stern, who was seated among them

But by evening's end, the only long faces belonged to the Utah Jazz, who were out-pointed by the Houston Rockets, 104-99. on the final scorecard Wednesday. That,

combined with a 100-88 defeat in Mon- The Jazz were led by Karl Malone's 32 day's series opener, put the Jazz in a 2-0 points. hole with Games 3 and 4 to be played Friday and Sunday in Salt Lake City.

There were a total of 51 fouls called in the brutish contest, with the ensuing foul trouble necessitating some unexpected heroics. The Rockets got a major lift from The plan worked initially, with Olajuwon reserve guard Mario Elie, who scored 17 and the Rockets going scoreless in the first points, including eight straight during one 2:30 and the Jazz taking a 6-0 lead. fourth-quarter stretch and then hit a 3pointer with 1:55 to play that gave Hous-ton a 96-93 lead Utah was unable to over-the scoreboard. It wasn't until Hornacek

the game by Stern as the league's most en up. The spree began with a 3-point valuable player. Olajuwon scored 41 basket by guard Kenny Smith, who hit six points, including 14 in the final 12 minutes. in Houston's 100-88 Game 1 victory.

As expected. Utah adjusted its Game 1 strategy of double-teaming Olajuwon. sending forwards David Benoit and Malone as the second defender instead of guards John Stockton and Jeff Hornacek. The plan worked initially, with Glajuwon

But Olajuwon powered his way into the hit a free throw and Stockton a layup to That was mainly because of Houston's give Utah an 11-4 lead four minutes into center. Hakeem Olajuwon. Feted before the quarter that the Rockets began to loos-

Houston player, cutting to the basket. on-one on the other. When Utah rotated its defense toward When forward Tyn Horry, the second-year veteran passed to Otis Thorpe for a wide-open dunk.

The play, which epitomized the difference between this Houston team and its recent predecessors, was part of a 15-2 run that gave the Rockets a 19-13 edge with 3:42 remaining in the first quarter. Included in the spurt were another pair of 3pointers, these by Maxwell.

lone or Stockton or Hornacek but backup a 48-46 lead into the locker room.

Midway in the period, Houston showed guard Jay Humphries. Humphries, who why Utah's new strategy was still flawed. shot just 2-of-6 in Game 1, scored seven Guard Vernon Maxwell passed to points after entering the game late in the Olajuwon, who passed to Smith as the first quarter, the lazz going so far as movdouble-team approached. Smith passed to ing their four other players to one side of forward Robert Horry, now the open the court and letting Humphries play one-

> When forward Tyrone Corbin hit a 3pointer of his own with a second to play. the Jazz had a 22-21 lead and began the second quarter by outscoring the Rockets 14-9 to take a 36-30 lead with 6:26 left in

Now it was Houston's turn to respond. Thorpe scored on a tip-in and Olajuwon added a pair of free throws and an offen-

sive rebound to tie the game at 36. But Utah battled back, not behind Marremainder of the half, with Houston taking



Vince Coleman of the Royals sliding safely into second base for a double as the Rangers' Jeff Frye got to him too late with the tag.

## Boggs, Sudden Slugger, Lifts Yankees

It's time for somebody to come clean on this iuiced ball business.

Wade Boggs added some fuel to the "juiced ball" theory that is obsessing baseball purists this season, hitting two home runs Wednesday

#### AL ROUNDUP

night as the Yankees defeated the Toronto Blue Jays, 5-2, in New York.

Boggs, who did not homer in the Yankees' first 35 games, has hit five home runs in his last five games. He hit a two-run homer in the first inning and a solo shot in the third off Pat

"It's kind of like the thing Paul O'Neill is going through now." Boggs said of his teammate, who had two hits to raise his average to a major league-leading .472. "You don't want to know what you're doing right. You just want to see how long it lasts."

What has made Boggs's sudden power surge even more improbable is that he had just missed three games with sore ribs. Joe Carter drove in both Toronto runs, giving the Tigers held off the Angels.

him a major league-leading 56 RBIs. White Sox 12, Twins 1: Frank Thomas hit hit ball over eight innings as the White Sox stopped Minnesota in Chicago for their fifth

straight victory. Thomas went 4-for-5, drove in five runs to match a career-high, and hit his loth and 17th homers to help the White Sox win for the eighth time in nine games.

Orioles 6. Brewers 3: Jamie Moyer allowed six hits over eight innings as Baltimore handed

the Brewers their 14th straight defeat. The last AL team to lose 14 straight was the Seattle Mariners in 1992. Milwaukee, which last won on May 10, lost a three-game series at home for the first time since April 1988.

Tigers 9, Angels 7: In Detroit, Mickey Tettle-ton int a three-run homer and John Doherty carried a one-hitter into the seventh inning as Tettleton's homer keyed a four-run first in-

ning, and Chris Gomez added three RBIs with a pair of doubles for the Tigers, who built 7-0 and

Royals 8, Rangers 3: In Kansas City, Kevin Appier struck out 13 in only 524 innings — one away from a team record — to pace the Royals. Appier struck out every Texas starter and fanned Will Clark three times. He struck out the side in the second and fifth innings.

Mariners 1, Athletics 0: Randy Johnson pitched a four-hitter and Dan Wilson drove in game's lone run for Seattle in Oakland. In the second inning, A's starter Ron Darling

walked Tino Martinez, who advanced to second on a Mike Blowers' single. Felix Fermin tapped a sacrifice bunt before Wilson's hopper to right scored Martinez.

## The Sore Winners: **Dodgers Stop Cubs**

The Associated Press raced home from first base, run ning over Piazza at the plate. and the Los Angeles Dodgers were

The Dodgers stopped the Chicago Cubs' eight-game winning streak Wednesday night with a 7-6

**NL ROUNDUP** 

ros's sacrifice fly in the bottom of The visiting Cubs had scored the lying run on a pinch-hit double by

victory on pinch-hitter Eric Kar-

Kevin Roberson, with two outs in the top of the ninth. Glenallen Hill

## Strawberry Is Cut by Dodgers

LOS ANGELES - Darryl Strawberry, who admitted to a substance abuse problem the has been cut by the Los Ange-

les Dodgers. The outfielder, released from a treatment center earlier this month, was on the Dodgtreated as an outpatient. The Dodgers said Wednesday that they had reached a monetary settlement with him, but gave no details. Strawberry, 32, was to have been paid \$3 million in 1994 and \$5 million in 1995 to finish out a five-year, \$21.25

million deal. If he clears waivers, Straw berry would become an unre-

stricted free agent. Fred Claire, the Dodgers' executive vice president, said he had met with Strawberry and called the move "more mutual than anything."
"We made a decision that

from our standpoint and Darryl's standpoint, this was the proper move," he said.

Strawberry entered a drug rehabilitation clinic April 8.

finger on his left hand when he slid home head first to score on a wild pitch. He received three stitches. Karros, in an 0-for-13 slump, and Tim Wallach, in a 3-for-32

skid, did not start for the Dodgers as manager Tommy Lasorda shuf-fled his lineup. But Karros came up in the ninth after Los Angeles loaded the bases

with one out on singles by Jose Offerman and pinch-hitter Mitch Webster and a walk. Karros's fly ball off Dan Plesac was deep enough to center field for the win Giants 5, Padres 2: In San Diego, Barry Bonds hit his 13th home run and San Francisco stopped its sea-

son-worst six-game losing streak. San Diego had won three in a row, Rockies 3, Reds 2: Andres Galarraga's 16th home run, in the sixth inning, put Colorado ahead to stay against visiting Cincinnati, which lost its fifth straight game. Galarraga connected off Jose Rijo, who failed in his third try for

his 100th career victory. Braves 6, Astros 5: Jeff Blauser doubled home the winning run with one out in the bottom of the ninth inning as the Braves beat Houston in Atlanta.

Rafael Belliard singled with one out off Dave Veres, Deion Sanders reached base when shortstop Andujar Cedeno failed to touch second while trying to turn a double-play. Blauser doubled off John Hudek, hitting a drive over left fielder Luis Gonzalez

Cardinals 10, Phillies 5: Ray Lankford homered, doubled twice and drove in three runs as St. Louis defeated visiting Philadelphia.

earned his eighth triumph and Dar-rin Fletcher homered and drove in

two runs as Montreal won in Flori-Hill matched Bob Tewksbury for

most victories in the NL. Mets 6, Pirates 3: In Pittsburgh, Bret Saberhagen pitched six strong innings before leaving with muscle spasms in his lower back, and New York sent the Pirates to their 10th

loss in 12 games. Saberhagen gave up five hits and left with the score tied at 1.



Mark Messier, surrounded by teammates, was all smiles after he scored the second of his three goals in the 4-2 victory.

## **Messier Hat Trick** Rescues Rangers

EAST RUTHERFORD, New Jersey - Mark Messier guaranteed Game 6 and then delivered, in what may go down as one of the most spectacular clutch performances in National Hockey League history. Messier scored three third-period goals, including the game-winner with 7:48 to play Wednesday, and the Rangers stayed alive

#### STANLEY CUP PLAYOFFS

by rallying from a two-goal deficit to beat the New Jersey Devils, 4-2. and force a seventh game in the Eastern Conference final. On Tuesday, Messier had boasted. "We know we'are going to go in-

there and win Game 6 and bring it back to the Garden."

Twenty hours hours later, he made sure that the Rangers would be around for Game 7 on Friday night at New York City's Madison Square Garden. The winner Friday will open the Stanley Cup final

series on Tuesday against the Vancouver Canucks. "He's the best clutch player," said Devils center Bernie Nicholls.
"I know Gretz and Mario get a lot of credit," he said, referring to
Wayne Gretzky and Mario Lemieux, "but when the chips are down
and there is a big game to be won, there is nobody better."

Messier, who had been on five Stanley Cup champions with

Edmonton, refused to characterize the game as one of his best and pointed to goalie Mike Richter as the one who kept New York around after it fell behind 2-0.

No one man wins the hockey game, or any championship, or anything in a team sport," Messler said.

In making the prediction, Messier said all he was trying to do after

For 38 minutes, it appeared that Game 7 would not be necessary. The Devils opened a 2-0 lead on goals by Scott Niedermayer and Claude Lemieux and thoroughly dominated play with Martin Bro-deur stopping several good chances by New York. But Messier and Alexei Kovalev refused to let New York die.

Kovaley got the Rangers going late in the second period with a goal and Messier tied it early in the third.

After Broden had stopped several good scoring chances, Messie came through with the teams skating 4-on-4. Brian Leetch hit Kovalev with a cross-ice pass and the Russian's shot bounced off Brodeur to the ice, where Messier banged it into the net with Nicholls draped all over him. Then, with New Jersey on a power play, Messier added an empty-net goal with 1:45 to play.

#### DENNIS THE MENACE



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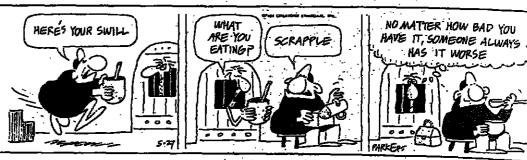








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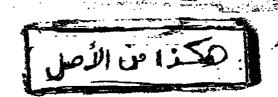


THE FAR SIDE



# BLONDIE





## A Brave New Tennis World?

PARIS - MAY 27, 1999. Tennis has become the world's most popular sport. Soccer and basketball still draw larger audiences,

but tennis is making up ground at a furious pace on the eve of the new millennium, thanks to a performance ethic unmatched by the superstars of other professional sports. International surveys, meanwhile, indicate that more people are playing tennis than any

All this was unimaginable five years ago, when tennis was ridden with spoiled millionaires and an administration whose arrogance was legendary. Both were forced to confront their problems by Sports

#### IAN THOMSEN

Illustrated — "Is Tennis Dying?" asked the U.S. magazine in May 1994 — whose article, unwelcome at the time, has turned out to be the best thing that ever happened to tennis.

The criticisms raised by the magazine resonated throughout the international press, and the problems were essentially confirmed when the game's leaders responded by saying ... nothing. Their ignorance of public opinion turned out to be the firmest example of the pervasive arrogance within professional tennis. The sport was suffering an unprecedented bearing all over the world, and yet neither its hierarchy nor even its public relations staff bothered trying to convince the public that the criticisms were off base.

"I think it's probably safe to say that they had fallen a little out of touch with their audience," said the ATP Tour commissioner, Bud Collins.

The marketing experts responsible for the huge finan-cial growth of pro tennis scoffed at the 1995 hiring of overwhelming fan support. ins, the former American journalist, but he under stood better than they what the game was lacking. His job was to repair the bridge between players and fans. and to bearten the ATP Tour.

A famous photograph hangs in the wall of his office. Published throughout the world, it shows Collins unplugging the ATP Tour computer.

Hai Inch

Rungers

Collins prefers not to criticize his predecessors, but their mystifying computer — programmed to rate players — was the symbol for all that ailed tennis. In hindsight, the computer dehumanized the game. It excluded fans from the process of judging and charting the rise and fall of the players. And if the fans weren't able to grasp this most vital process of creating order within the game . . . well, the people who ran tennis in those days didn't perceive it as a major problem.

A GAIN, it's easy to point out these problems now, but the truth is that nobody trusts a computer's

By 1996, the computer had been replaced by a standings table. Published daily throughout the world, it is based on the simplest truths. The top-ranked player in the world is the one who wins the most

Grand Slam tournaments in that season, Everyone knows that the most important thing in tennis is to win Grand Slam titles. The computer, unfortunately, didn't understand this.

The rest of the players receive the highest rankings for winning the most tournaments, enforcing a new

urgency to win and keep winning Had this system been in place in 1993, Pete Sampras still would have been No. 1 on the basis of winning

Wimbledon and the U.S. Open. No. 2 would have been the French Open champion, Sergi Bruguera, with No. 3 going to the Australian Open champion, Jim Courier. Since Bruguera and Courier each won one Grand Slam title and five titles overall, Bruguera would have received the higher ranking on the basis of winning more matches (64) than Courier (58).

No. 4 would have been Thomas Muster, who won seven titles overall, followed by No. 5 Michael Stich (six), No. 6 Michael Chang (five) and so on. In all, 16 players won at least two titles in 1993 — including Andrei Medvedev, Goran Ivanisevic, Boris Becker, Andre Agassi and Ivan Lendi — and if this system had been in place, all 16 would have qualified for the World Series of Tennis.

In just three years, the World Series of Tennis has become the most popular annual tournament in sports, its global audience trailing only the quadrennial World Cup and Olympics.

It's a single-elimination event, with the highestranked players earning the right to play on any court of their choosing, indoors or outdoors, anywhere in the world. Thanks to satellite TV, the World Series has succeeded in bringing together all of the game's previously unmanageable strengths, its diversity of playing surfaces and cultures. Over the course of three weeks, fans have seen the likes of Agassi performing at Caesars Palace in Las Vegas; Ivanisevic defending his light of Caesars and Becker choesing to glan where he turf in Croatia, and Becker choosing to play where he feels most comfortable, on Centre Court at Wimbledon — with every match as intense as Davis Cup.

The American players especially have been able to establish a base of support where none existed before. Rather than being identified as a nomadic American. each now has developed a following in the city where

F YOU want to win the World Championship, then you must win at least one Grand Slam title, or a lot of tournaments overall ... or be prepared to visit the home court of someone who has beaten you to those victories.

The greatest home-court advantage thus far has belonged to Andrei Medvedev, who has invited oppo-nents to a noisy, rickety, clay-court stadium in the vicinity of the Chernobyl disaster. Doctors have declared the area safe, but the surroundings clearly prey on the minds of incoming opponents.

Of course, there have been problems. The Grand Slam tournaments had to be rearranged slightly to make room for the World Series. To prevent players from padding their totals with easy victories, the Tour demanded participation in a required number of "A" level (highest-level) tournaments. And the Capriati Rule prevented anyone under 17 from competing in the World Series.

Ultimately, the new order has shown that tennis wasn't so poor after all, just five years ago. It was spineless more than anything — lacking order in between the Grand Slam events, lacking leadership. The audiences and money were there. Now a spine runs through the entire season: emphasizing the Grand Slam tournaments, declassifying the rankings

and making every match important.

If the old players appeared indifferent and greedy in 1994, it was because they could afford to tank a match from time to time. Now they know better: The match they tank today may be the match that sends them to



There was nothing sunny about Thursday for Michael Stich, the No. 2 seed, as he lost in straight sets.

## 2d-Round Results From the French Open

Ranald Agenor, Halil, def. David Prinosii. Germany, 47 (47), 67 (27), 63, 64, 14-12; Michael Chang (8), United States, def. Jordi Arrese, Soain, 44, 64, 64, 64, 62; Joime Yzosa, Tod. def. Jored Palmer, United States, 76 (7-2), 64, 64, 67; Radomir Vasek, Czech Reoublic, def. Dimitri Pollokov, Ukraine, 44, 26, 7-5, 63, 6-1; Jacca Eltingh, Nethertands, def. David Wheaton, United States, 63, 46, 7-6 (7-4), 67 (47), 6-4; Arnoyd Boefsch, France, det. Korol Kucera, Slovakia, 6-2, 6-2, 6-3; Hendrik

WOMEN'S SINGLES Petra Ritter, Austria, del. Nothalie Tau France, s-3, 6-1; Iring Spirlea, Romania, 

many, 6-3, 6-1; Lindsay Dovement (9), United States, def. Kataryna Nowak, Poland, 6-4, 6-2; Brendo Schultz, Netherlands, def. Marianne Huber (11), Germany, def. Melke Babel, Ger-many, 7-6 (7-5), 6-2; Alexia Dechaume-Bal-

Julie Holard. France, det. Petra Begerow Germany, 7-5.4-6, 6-4: Ann Grossman. United States. def. Petra Langrow, Czech Republic 3-6, 6-4, 5-3: Barbara Ritiner, Germany, def Sandro Dapter, Austria, 6-2, 6-3: Arantxo San chez-Vicario (2), Spoin, def. Naelle Van Loi-tum, France, 4-1, 4-0; Leila Meskhi, Goorgia, def. Sandra Cacic. United States, 7-6 (7-3), 4-6, 7-5; Conchita Martinez (3), Spoin, def. Ginger

## Stich Crashes, **But Most Other Seeds Prevail**

PARIS - Second-seeded Michael Stich became the latest upset victim at the French Open on Thursday, routed in straight sets by Aaron Krickstein on a day interrupted by rain delays. Krickstein needed only steady,

unspectacular play to crush the listless German, 6-3, 6-3, 6-4, in a second-round match before a disappointed Center Court crowd. Sometimes he plays nonchalantly," Krickstein said. "Some-

"He seemed to get down when I did get ahead of him," the American added. "If his serve is off, he's

world. Stich's 57 unforced errors, 10

snapped top-ranked Pete Sam-pras's 29-match winning streak last week in Düsseldorf. "It's one of those days when you

was also bothered by an elbow problem. "I just played very, very bad. I think I would have lost against anybody today."

The match was suspended for 15 minutes by rain with Krickstein leading 3-2 in the third set. But the interruption didn't change the momentum; Krickstein came back out and finished Stich off in 14 minutes.

In another surprise, Hendrik Dreekmann of Germany ousted 15th-seeded Carlos Costa of Spain, 7-6 (8-6), 6-4, 6-4, for his first career Grand Slam victory. And an man, 14th-seeded Cedric Pioline, 6-

The No. 5 seed, Goran Ivanisethe 1989 champion, had little trou-ble in his second-round match with Krickstein said. "I can only play Spain's Jordi Arrese, winning 4-6, who I am up against, and I am 2-0

And No. 9 Todd Martin, another American, routed Spain's Francisco Clavet, 6-0, 6-0, 6-2.

In women's second-round matches, No. 2 seed Arantza Sanchez Vicario breezed past Noëlle Van Lottum of France, 6-1, 6-0. Ninth-seeded Lindsay Davenport of the United States advanced 6-4, 6-2, over Katryna Nowak of Poland, and No. 11 Anke Huber of Germany beat here compatriot Meike Babel, 7-6 (7-5), 6-2.

times he can come back and some-times he can't. I felt if I could just play some solid tennis, I'd have a

In a record-setting marathon of unseeded players, Ronald Agenor of Haiti outlasted Germany's David Prinosil, 6-7 (7-4), 6-7 (7-2), 6-3, 6-4, 14-12. The 71-game match, interrupted by darkness Wednesday night, was the longest at the French not the second best player in the Open since the tiebreaker was adopted in 1973.

Stich, the 1991 Wimbledon double faults and lack of intensity champion, entered the tournament were a far cry from the player who on a high note, having beaten topranked Sampras and the defending French Open champion, Sergi Bru-guera, in the World Team Cup last weekend. But instead of an expectbetter stay in bed," said Stich, who ed march to the final, he joined third-seeded Stefan Edberg as an early loser.

Krickstein, 26, lost in the first round of his last three clay-court events this year. His best showing in the French Open was in 1985, when he reached the fourth round. "It wasn't great tennis out there," Krickstein said.

a ioose

ng Ser-

Stich had few words of praise for Krickstein.

"If he's playing normal and I'm playing normal, I'm going to win in straight sets," the German said. "He didn't have much to beat me, unseeded Spaniard, Alberto Bera- He just played a regular game. If he sategui, a rising clay-court star, wants to do some damage, he has to toppled the highest-ranked French-play much better than that." When told of Stich's comments,

Krickstein retorted that in their vic, came back to beat the American Bryan Shelton, I-6, 6-1, 6-2, 6-4. Eighth-seeded Michael Chang.

"He never broke my serve that

## Test Driver Named to Replace Senna in Spain Prix

٠.-

BARCELONA - David Coulthard. the Williams-Renault test driver, who has never driven in a Formula One race, was named Thursday as the team's interim replacement for the late three-time world nampion Ayrton Senna. Coulthard, 23, will make his debut at

the Spanish Grand Prix on Sunday, four weeks after Senna died in a crash during the San Marino race at Imola, Italy. "Obviously, I am delighted to be given this opportunity, which is every up-andcoming racing driver's dream," the Scottish driver said. "I have total confidence in the

team and am looking forward to the race. I will be out there to do the best job I can."

Coulthard, who drove for Williams in

over the Spanish Grand Prix weekend."

Williams would confirm Coulthard's

participation only for the Barcelona race. leaving open speculation that the team was still searching for another driver.

Since Senna's death on May 1, various rumors have centered on the veterans Phidan driver Rubens Barrichello and the reigning IndyCar champion, Nigel Mansell, who won a Formula One world title

with Williams two years ago.

Mansell, preparing for Sunday's India-napolis 500, said Thursday that he would have no further comment on speculation he might return to Formula One racing.

"Formula One has gone through tragic times in recent weeks," said Mansell, 40.

would take place about the possibility of people trying to persuade me to return to F1. I have often said that in motor racing, anything can happen!"

two weeks ago.

Coulthard will be one of two drivers making Formula One debuts on Sunday. The Simtek-Ford team on Wednesday named Andrea Montermini of Italy as its second driver to fill the spot left open by the death of Roland Ratzenberger of Aus-

#### SIDELINES

#### Daly Steps Down as Coach of Nets

EAST RUTHERFORD, New Jersey (AP) — Chuck Daly resigned Thursday as coach of the New Jersey Nets after leading them to two National Basketball Association playoff berths but failing to get the team past the first round.

Daly's future had been in doubt since the Nets were eliminated by the New York Knicks in four games May 6. Daly had one year remaining on his three-year, \$4 million coaching contract. Daly, 63, said he would stay with the team for two more years, working on broadcasting projects. which including infomercials, pregame shows and other ventures. "The bottom line is that after 1,475 games at every level, I finally made the decision that it is time to leave the bench," Daly said.

#### Wilkens Is Voted Top NBA Coach

NEW YORK (AP) — Lenny Wilkens, who guided the Atlanta Hawks to their first Central Division title since 1987 and surpassed 900 career victories this season, was selected National Basketball Association Coach

In winning the honor for the first time, Wilkens received 71 of a possible 101 votes from a nationwide panel of NBA writers and broadcasters, three from each league city and 20 representing the national media. In his 21st season as an NBA head coach and his first with Atlanta. Wilkens coached the Hawks to a 57-25 record, a 14-game improvement over last season's 43-39 mark. The Hawks' record matched the best in franchise history and tied Atlanta with New York for the best mark in the Eastern Conference.

## Merit Cup Extends Whitbread Lead

SOUTHAMPTON, England (AP) — The Swiss yacht Merit Cup surged to a lead of 80 nautical miles (147.2 kilometers) over its nearest rival Thursday on the sixth day of the final leg of the Whitbread Round the World Race.

Merit Cup, a Maxi entry captained by Pierre Fehlmann, pulled away from the rest of the field earlier this week when it decided to leave the Gulf Stream currents off the U.S. coast and head east directly toward the finish in Southampton, England. Italy's Brooksfield was second overall and leader in the Whitbread 60

class, 45 miles ahead of Galicia 93 Pescanova of Spain. The rest of the 14-yacht field was well back. New Zealand Endeavor, which held a huge overall lead in the Maxi class after five legs, was 135 miles off the lead.

#### For the Record

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Michel Preud'homme, 35, Belgium's national team goalkeeper, signed a two-year contract with Portugal's new soccer champion Benfica, newspapers reported Thursday.

Karl Wendlinger, 25, the Austrian driver injured in a crash at the Monaco Grand Prix, remains in a "light coma" but is reacting to simple

commands, doctors said Thursday in Nice.

(Continued From Page 15)

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## Ballesteros Calls Ryder Cup Truce

WENTWORTH, England - Seve Ballesteros held out the olive branch on Thursday. offering his congratulations to the Valderrama golf club and its owner, for being awarded the 1997 Ryder Cup.

In a statement of reconciliation aimed at burying recent differences with Ryder Cup officials. Ballesteros also said he would continue to serve the sport and the event.

Ballesteros had clashed with officials in the weeks before Wednesday's announcement because of his support for another candidate course. Novo Sancti Petri. and his criticism of Valderrama and the committee making the selection.

"My heartfelt best wishes are extended to Valderrama and Mr. Patino for winning the right to be the hosts in '97." he said, referring to the owner, Jaime Ortiz Patino.

The Spaniard, expected to be named European captain for 1997, also extended best wishes to the Ryder Cup Committee, from which he resigned earlier this month because of a perceived conflict of interest with his support of Novo

Sancti Petri. He had since claimed that he had been offered an induce-

#### ment to support Valderrama and appeared to imply that he felt other committee members might have acted unethically. INTERNATIONAL CLASSIFIED

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Pullio, Sinvens (6), Merrimon (8) and Wolbock; A. Fernandez, Schwarz (9) and Kariovicz, W.-A. Fernandez S.S. L.-Pelido, 2-4
HRs--Chicago, Thomas 2 (17).

practice last year before becoming the team's official test driver this season, emerged as the favorite to fill the No. 2 spot behind Damon Hill after a successful drive of the modified Williams car at the Jerez circuit in Spain over the weekend.

"David has proved an excellent test driver for the team and impressed us with his skills during the many sessions he has undertaken for us," said the team's chair-man, Frank Williams. "He is a confident driver with a mature head and I am sure he will be an excellent partner for Damon

900 012 002-5 16 901 012 513-30 14

Mk. Williams, Wells (6), Corter (6), Anderser 7) and Doutlon; Sufcliffe, Everstand (6), R

New York 188 96 311—4 11
Physiosek 916 96 286—2 9
Soberhapen, Mason (7), J. Manzanilla (7,
M.Maddux (8), Franco (8) and Stinnelt; Was

57. L.—Wosner, 34. 8V—Franco (10). Sen Prancisco 813 918 989—5 8 9 Sen Diego 889 191 880—2 4 1

965 929 201--6 E 2 968 425 801--7 10 B

ner, R. Manzanillo (7), A. Pena (8), Bol (7), Deway (7) and Skupin, W—Soberba

lippe Alliot and Ricardo Patrese, the Jor-

"It is perhaps inevitable that speculation

Out of respect for Senna, Williams did not name a second driver for the first race

after San Marino, the Monaco Grand Prix

tria, who died during qualifying at Imola on the day before Senna's crash.

#### **SCOREBOARD**

BASEBALL

MATIONAL LEAGUE
Montreal 800 191 891—2 17 J
Flactor 900 501 195—1 4 8
Hill, Wetheland (8) and Flatcher: Gardner,
Perus (7), Hernandez (9) and Sontingo,
W—Hill, 8-2 L—Gardner, 1-2 Sv—Weifeland
(5), HR—Montreal, Flatcher (3),
Chackent 900 601 900—2 6 9
Rijo and Dersett; Ritz, Hortey (4), Al. Munez (8), S. Reed (8), R. Furtin (9) and Girard.
W—Harkey, 1-4, L—Rijo, 2-1, HRs—Colorado,
Galarrago (16), VanderWaf (1),
Philadelabite 900 812 602—5 16 2 Major League Standings Mk. Williams. Welts (6), Corter (6). Anderser (7) and Doublens SylcHite, Eversord (6), R. Rodrisusz (7), Hobyan (8), Murphy (9) and Posnozzi. W.—Eversord, 24, L.—Mk. Williams, 2-1, HRs.—Philadelphia, Incovipile (8), St. Louis, Lanktord (11). Whiten (3), Posnozzi (2). Heuston 60: 300 62: 800 9-5 12 2. Attents 20: 200 10: 801 1-6 12 2. Attents 20: 200 10: 801 1-6 12 2. Attents 20: 200 10: 801 1-6 12 2. Attents (5), Verus (10), Hudek (13) and Servois. Esobio (16); Smoltz, Sharbon (7), Wohlers (8), McMichol (15), Bedrosion (70), Bielecki (11) and C'Erien, J. Louez (7). W.—Bielecki, 7-4, L.—Verus, 7-2, HR.—Attento, McGriff (13). .A47 .A44 .A42 .283 .651 .576 .500 .500 Birlecki, W. Bielecki, McGriff (13). McGriff (13). Mew York ,578 ,545 ,533 ,442 Sen Diego 660 181 800-2 4 T Borket, M. Jockson (B), Beck (9) and Man-worins: Ashby, Mooser (6), Tubuka (3) trid Ausmaa. VI—Borkett, 43, L—Achby, 0-5, Su—Beck (B). HR—San Francisco, Sonds (13). 55) ,(78 ,455 ,283

Wednesday's Line Scores

Wednesday's Line Scores	Les Angeles 648 426 8617 18 8 Traschel, Bullinger (5), Otto (7), Brastista				
AMERICAN LEAGUE Bellimere 510 800 600-6 16 8 Allimoide 512 180 831-3 8 6 Alover, Williamsel, 17:, Poole (7), Smith (7), and Tockiti) Ignaheli, Navarro (5), Feffers (8) 8hd Surhof, Williamsel, 1-Lanasick, 1-	(7), Plesoc (9) and Wilkins; Candiolii, Gol (7), Osuma (9), Td. Warrell (9) and Plezz W.—Td. Worrell, 3-2.L.—Plesac 1-2.HRs—Ch copp. Dunston (1), Wilkins (3). Japanese Leagues	•			
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Detyoff 490 821 28x-7 18 9	TORONIA .	_			
Forrell, Leiter (2), Letterts (7), Botcher (8)	Ligation	_			
and Fobresias; Doharty, Harris (7), Gream	Hiroshima 14 27 B 400 79 Theraday's Results	•			
(1), Gardiger (3), Henneman (9) and Kreuter.	Yomkeri vs. Horshin, pod., rain				
W-Doherty, 6-3, L-Formit, 1-1. Sv-Hanse-	Chanichi vs. Hiroshimo, ppd., rain				
mon (6). HR—Detroit, Tetticion (7).	GRINGH AP LEADING NAME AND				
Torrette and ten set—2 6 B	Yekohama vs. Yokult, Ped., roin Pacific Leasur				
	SAIDU				
Harisen, Codoret (7) and Knorr; J. Abbott	Datel 23 16 0 .590 1V				
and Levritz W. J. Abbott, 6-2, L. Hantgen. 6-	Orts 18 39 8 484 59	3.			
4. Hitamater Vario Garres 2 (5), Tortobull (9).	18 20 B 474 A				

SOCCER INTERNATIONAL FRIENDLIES Ireland 1, Ballyla 8 Romania 2, Nigeria 8 United States 4, Saudi Arabia 9

#### BASKETBALL Wednesday's NBA Final

Houston leads series 2-0 Ignoit 3-60-0 6, Majone 10-19 12-18 32, Spancer 3-6 4-6 10. Hormocask 3-8 4-4 10, Stock-ton 6-17 5-5 18. Humphrites 5-9 1-2 17, Corbin 3-6 8-0 8, Chombers 1-3 2-2 4, Russell 0-0 0-0 0. Totals 34-68 28-37 99. Totous 34-as 29-27.

Neusten—Horry 2-9 1-2 4, Thorpe 4-5 0-9 8.

Okaliwan 14-22 13-13 47, Maxwell 3-8 5-6 14.

Sm/8h 3-5-3-3 18, Elie 3-9 10-10 77, Cossell 0-3-0-0

4, Jerd 2-4-0-46, Careton 1-2-0-22, Butlond 0-10-0

R. Jerti 2-6 P44. Currebot 1-20-02. Butliorate-1-8-0 B. Tojata 3-70 25-91 OA. 3-Point gouls—Utah 3-11 (Corbin 2-4. Stpck-ton 1-3. Benott 0-1. Mustore 0-1. Humphries 0-1. Chombers 0-1). Houston 0-19 (Mouvesti 3-5. Jent 2-6. Horry 1-2. Smith 1-2. Elle 1-3. Cosseli Jent 2-4, Horry Y-2, Smith I-2, Ever I-3, Victoria 1-0-1), Feeled ass—None. Reheards—Urbh 25 (Madane, Seencer 7), Houston 48 (Objuven 13), Assists—Urbh 26 (Stockton 10), Houston 22 (Smith 7), Taini feels—Urbh 27, Houston 24. Technicats—Houston Hiegol defense 2, Ulch

## CYCLING

lo Matese: 1, Evgeny Berzin, Russia Completic Motese: 1, Evenny Berzin, Russin, Gewinn Bollon, 5 hours, 23 minutes, 37 seconds; 2, Oscor Pellicioli, Italy, Polff, some firm; 3, Wlodinie Belli, Italy, Lorsons, 17 seconds behind; 4, Davide Rebestin, Italy, GB MG, 47; 5, Manco Pontari, Italy, Carrero, 21; 6, Stefanodylla Santo, Italy, Mapel Class, 21; 6, Stefanodylla Santo, Italy, Mapel Class, 21; 8, 18-19. Marca Glovannetti, Itaty, Mapel Clas. s.L.; & Bugno, Italy, Polfi. s.t.; 10, Armand de los

kewas, France, Castoroma, s.i. Results from Thursday's fifth slage, 158 ki-

lospeters (78 miles) from Compobuse to Mettl; 1, Endris Leoni, Italy, Jolly Consountill, 3 hours, 41 minutes, 39 seconds; 2, Fobio Boldata, Italy, GB MG, s.L.; 3. Glovenni Lombardi Italy, Lampre, s.1,\* 4, Alstein of Basca, Holy, Amore & Villa, s.1,\* 5, Miguel Indurchi, Spain, Bangdo, s.1,\* 6, Massimo Sirceser, Holy, Mavi-sere, s.1,\* 7, Uwe Roob, Germany, Telekom, s.t.: A. Omitri Konvethev, Russin, Jolly Compan told, s.t.; 9. Somuele Schigving, Huly, Correra st.; 18. Max Sciendri, Holy, GB MG, s.t. SL; 10, Max Sciprant, 1997, GP Mrs. 1, 20, Mrs. Ned Chernal standings: 1, Berzin, 22 hours, Ned rainutes, 24 seconds: 2, Bugmo, 57 seconds be-blads: 3, de tos Coseous, 1:00 behind; 4, Induc-dint, 1:85; 5, Belli, 1:26; 4, Glovennethi, 1:31; 7, della Santo, 1:32; 2, Pellicioll, 1:36; 9, Pontoni.

#### TRANSACTIONS

BASEBALL BASEMALI.
American League
BOSTON—Recolled Grey Litton, inficider,
and Luts Ortiz-3d baseman, from Powtoctet,
IL Designated Jase Melendez, pitcher, for
reconsistement, PM Scott Platcher, Indicater, CALIFORNIA—Put Scatt Lewis, pitcher, on 15-day disabled high bought contract of John Forrell, pitcher, from Voncouver, PCL. CHICAGO WHITE SOX—Optioned Conn.

Nashville.
CLEVELAND—Sent Brian Barnes, pitcher, to Charlotte, IL. Recalled Bill Wirtz, and Julian Tavarez, pitchers; and Herbert Perry, infielder, from Charlotte, Dytaned Mark Leuts, Infielder, to Charlotte, Put Chris Nobholz, pitcher, on 15-day disabled list.
DETROIT—Put Eric Davis, autfleider, on 15-day disabled list. 15-day discibled fish, retrocclive to May 23. Activated Junior Fellx, outfleider, from 15-

Activated Junior Felix, outfleider, from 15-day disabled list.

KANSAS CITY—Bought contract of Beb Milacki, pitcher, from Omaho, AA, Oplianed Jeff Granser, pitcher, to Memphis, St. Transerred Keith Miller, inflatier, is 60-day disobled list, retroactive to April 3.

AILWAUKEE—Activated BJ. Surhoff, 3d baseman, from 15-day disobled list.

AUNNESOTA—Put Scott Erickson, pilcher.

on 15-day disobled list. Arthyded Rich Becker, outfleider, from 15-day disobled ilst pand uplianed high to Scat Linke City, AA, OAKLAND—Released Edwin Nunez, pitch-

OAKLAND—Released Edwin Nunez, pitch ar. Recalled Ernie Young, autileider, iron Horrisville, St. SEATTLE—Put Resole Jefferson, 1st baseman, on 15-day disabled list, Recalled Dale Sveum, and Tarey Lovutia, Infielder, from Cobserv, PCL, Optioned Brion Turney, utility player, to Calsary, Sent Resole Horris, piliting

recommendation of the state of ers, and Roper Paville, witcher, irom 15-day disabled list. Put Gary Rodus and Oddipe Mc-Dowell, auffielders, on the 15-day disabled list. Sent Jeff Husen, Infielder, to Okiohama City on rehabilitation assistances. Stoned Miles Walker, pitcher, to miner-leggue contract. Put Torn Henke, pitcher, on 15-day disable

ded John Smelly, At lanta affert lost for 4 games and fined him und ton a games and thed him undisclosed ornount for charping mound. Suspended Allen Watson, St. Louis pitcher, for 8 games for intentionally hitting Crestes Destrode, Flori-da is baseman, with pitch; Destrode for 4 games for charping mound and hitting Wei-son; and Bernard Gilliany, St. Louis left tielder. for 4 somes for making contact with umpire during brown in some on May 21.
CHICAGO—Optioned Turk Wendell, pitcher, to lowe, AA. Put Willie Wilson, outfletter,

# an waivers for Purpose of giving him his un-conditional release. Activated Jose Guerran, Pilcher, from 15-day disabled list. CINCINNATI—Put Nector Carrasco, pilcher, on 15-day disabled list.

CINCINNATI—Put Mector Corresco, pitcher, on 15-day disabled list, retroactive to Mov 12. Recoiled Jerry Scradin, pitcher, from Indianapoits, AA, Clolined Rick, Reed, pitcher, off sedvers from Texas, signed to minor-lessue confroct and assigned Nim to Indianapoits. COLORADO—Optioned Dorren Holmes, pitcher, 10 Colorado Sorines, PCL. Recoiled Lorice Polititer, pitcher, from Cotorado Por Ettis Barks, putficidar, on 15-day disobled list, retroactive to May 18, assisted contract of Ciric. retroactive to May 18, 80 MONTREAL—Bought controct of Juan Bell Infleider, from Ottowa, IL Optioned Ron-dell White, butfielder, to Ottowa. PHILADELPHIA-Put Curt Schille

#### Wednesday's NHL Final

Series tied 3-3 First Period—), New Jersey, Niedermover 2, 8:03, 2, New Jersey, Lemieux 7 (Noder-moyer, Nicholls), 17:32, Penotites—Lormer, NY (roughing), 9:50; Hollik, NJ (hooking).

NY (FDURING), V.30; Fallit, NJ (FDURING), 15:12; Driver, NJ (Injensticking), 15:07.

Second Period—I, N.Y. Rongers, Kovalev S (Messler), 18:19. Penatries—Messler, NY (unsportsmantike conduct), 14:07; Michells, NJ (unsportsmantike conduct), 14:07; Tikkanen,

Lunsportsmanilike conduct), 14:87; Tikkanen, NY (Iripoing), 18:51.
Third Period—4, N.Y. Rangers, Messier 8 (Kovalev, Leefah), 2:48, 5, N.Y. Rangers, Messier 9 (Kovalev, Leefah), 12:12, 4, N.Y. Rangers, Messier 10, 18:15 (sh-en), Penallies—Tikkanen, NY (roughing), 11:32; Anderson, NY (sloshing), 11:32; Anderson, NY (sloshing), 11:32; Anderson, NY (sloshing), 11:32; Anderson, NY (sloshing), 11:31; Anderson, NY (minar-mis-and-ut-firmenn-hymonilise conduct), 19:40 conduct (unsportsmanlike conduct), 19:40 Stevens, NJ, misconduct, 19:40: Nicholfs, NJ double minor-misconduct (high-sticking roughing), 19:40; Gilbert, NY (slosning) 19:43; Daneyko, NJ (skoshing), 19:43. Skots on sool—New York 9:13:14—36. New Jersey 13:13:4—30; power-play apportunities—New York 0 of 3; New Jersey 0 of 1; goalles-—New York, Richter, 11-4 (30 shot):-78 so New Jersey, Brodeur, 8-6 (35-32).

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#### **OBSERVER**

## Life in Theme World

By Russell Baker

WASHINGTON — Ours is a them family. We put it in years ago after Disney first demonstrate the state of the st strated the glory of the theme park. "America is going theme in a big way." the salesman said, showing mock-ups of the wife and children being offered at amazingly low

Theme things were the new frontier of entertainment, and what was America all about, if not entertainment? Although I had been brought up in a real family and enjoyed it now and then, often it

really hadn't been that much fun. In fact it had left me a bit traumatized, as theme therapists like to say when told you have been inconvenienced by having to cope with flesh-and-blood parents

I wanted a fun family. I wanted a family of which masters of theme ceremonies could say, "That's en-

Well, I'd always been a gadget guy. You know: first on the block with color TV, first to buy a computer. So the idea of having this wired dummy family became irresistible after the salesman dispelled my worries about maintenance

And how right he was. Three months after they delivered the wife she started malfunctioning regularly while cooking dinner. Her first breakdown occurred when came in from our theme backvard where I had been watching the children play "Mow the Plastic" and found her frying pork chops. When I objected that fried pork

chops would thicken the fatty deposits on my arterial tubing, she said: "Tough buns, Buster! The kids and I don't have arterial tubing. We have silicon chips, and we happen to like fried pork chops."

With this she struck me violently on top of the head with the frying pan. Other small incidents left no doubt I'd bought a lemon, but before I could complain her manufacturer announced a recall and did a

complete rebuilding job free of charge.
That was several years ago, and she's been fine since. You can imagine the fortune doctors would have made on her if she hadn't been a

For a very reasonable price I

bought a service contract on her and the kids covering the costs of routine maintenance twice a year. I run them all into the shop in the morning and pick them up after work the

same day, good as new. Afterward, to celebrate, we all go to a theme mall and buy T-shirts celebrating the mall's theme. You can see why I am furious about this socialized-medicine plan before

Why should a man who had the foresight to build a theme family be taxed to pay the medical bills for people who didn't? All I ask is the right to be entertained in the theme environment of my choice without being taxed simply because a lot of people are too backward to build theme families.

Fortunately, many persons are seeing the light. For instance, AMTX, formerly called Amthrax, the same worldwide giant that was called Amalgamated Themes Inc. before it fell into the clutches of the name-changers, wants to turn out entire town into a theme town.

Moreover, our town loves the idea, even though it will mean re-placing a lot of nice old houses with new theme houses and filling them with theme (amilies fresh from the

The superfast chips that operate these new theme people produce amazingly human characteristics. So human, in fact, that they make my wife and kids look as fake as that talking Abe Lincoln they had at the old California Disneyland.

An AMTX agent told me a few weeks ago I ought to scrap them. Since the company thinks they will spoil the up-to-date theme look of the place, he offered to provide a new family at the wholesale price. I was delighted, of course, until

yesterday when he showed me the photos of my new family fresh off the production line. Who is that strange new man?" I asked. Regrettably, he said, flesh and blood were inconsistent with company plans for the new theme town.

Never mind. They are giving me a job greeting visitors. I will also be the one behind the human-being fright mask who gets chased out of town four times a day by plain-clothes theme police. When you visit, be sure to say hello.

New York Times Service

## Merchant, Ivory and Jefferson in Paris

By Katherine Knorr emational Herald Tribune

HAMPS-SUR-MARNE, France -In 1784, Thomas Jefferson joined Benjamin Franklin and John Adams as America's representatives in France, and shortly afterward replaced Franklin as the resident minister. Thus began a privileged moment in his long existence, when this Renaissance man could study close up all the thousands of things he wanted to know about art, about agriculture, about the daily life of ordinary Europeans, about taxation and religion, aristocracy and justice and architecture and so on. He had a front-row seat at the sorry march toward the French Revolution. He kept copious notes ("Parmesan cheese. It is supposed this was formerly made at Parma, and took its name thence, but none is made there now"), and he left reluctantly in the fall of 1789 to become George Washington's secretary of state.

It was in Paris, in the summer of 1786. that he met Maria Cosway, an artistic Anglo-Italian beauty who was married to the English society painter Richard Cos-way. The widowed Jefferson fell in love with her, and their letters indicate that she ponded. He wrote her the famous Head and Heart letter (the Head won but not without a struggle), after she and her husband left France in October of 1786.

Today, Maria Cosway is singing an Italian love song she wrote for Jefferson, accompanying herself at the harp before a small audience in the château of Champssur-Marne, a gloomy suburb of Paris sandwiched between freeways, not far from Euro Disney and the fields of warehouses and leather furniture outlets that ring the French capital. Richard Cosway is pacing lugubriously behind the silk-covered chairs, watching for Jefferson to arrive, "Five, four, three, two, one," the recording says for the fifth time as Cosway begins to pace yet again, narrowing his eyes, watching his wife thoughtfully, and then the

door. It's a take. James Ivory and Ismail Merchant are shooting "Jefferson in Paris," planned for release in March of 1995, with Greta Scac-chi as Maria. Simon Callow as Richard and a burly but surprisingly true-to-paintings Nick Noite as the American in Paris.

Outside, in the windy Parisian darkness, about 40 men and women in elaborate bairdos and with alarming 18th-century faces, mill about on the steps smoking American cigarettes and mumbling about late nights, long waits and the whims of movie producers, especially foreign ones. In the magnificent gardens (designed by a nephew of Le Notre), a green trellised wall fronted with a gigantic seashell hides the streetlights of town. In the courtvard, near



Greta Scacchi and Nick Nolte in a scene for "Jefferson in Paris.

the stables, the wardrobe tents tremble in the wind, glowing dimly.

Ivory and Merchant are famously a study in contrasts - the American director calm and slow-talking ("Excuse me. I'd like to see that again"), the Indian produc-er voluble, companionable and volatile ("How did this happen? How could this happen?"). Their emphasis on authenticity makes everything about this production both uncomfortable and homey. "The château was a great place to shoot," Merchant said cheerfully. Others use "short cuts and spend a lot of money." he said.

"We use long cuts and spend less money." Bulky film equipment is piled in wood-paneled salons next to marble-topped dressers and fragile, oval-backed chairs, then lifted or wheeled perilously through narrow doors. Extras, gofers and the usual movie retinue of tense, angry people lounge in half-dark rooms underneath tapestries and portraits. In the vaulted, tiled kitchen below stairs, Scaochi (costume covered by a long white tunic). Ivory, Merchant, music consultant David Bahanovic and a few others, including an actor in

American Indian costume who turns out to be Algerian, feast on Merchant's own tagliatelle bolognaise with side helpings of pureed orange lentils.

The château of Champs, new a muse-um, was built at the end of Louis XIV's reign (it was finished in 1716). The furniture for the film was provided by Bernard Stienitz, a Paris dealer who specializes in the 18th century. The music, overseen on the set by Bahanovic, a cellist, is on period instruments - notably a harpsichord made at the same time as one lefferson ordered, and now in a German collection—and will be recorded by William Christie's Les Arts Florissants. Aside from Haydn, a natural, the score will include the composer Johann Schobert, almost never

heard today.

"Jefferson" is something of a departure for this team, which has been highly successful adapting E. M. Forster and, most recently, Kazno Ishiguro's "The Remains of the Day." In this case, the inspiration came 10 years ago when Ivory read Olivier Bernier's "Pleasure and Privilege" then, intrigued, went on to read a lot more about

the late 18th century in Europe and about Jefferson. The script, written like all Mer-chant-Ivory films by Ruth Prawer Jhabvala, took longer to put together than the novel adaptations. A novel, Merchant said, is a "beautiful architect's drawing."

Jefferson's letters (he was one of America's greatest letter writers, writing perhaps as many as 75,000) and his travel notes provide a fascinating account of his pre-cise observations (soil quality, peasant apparel, aesthetic appraisals: "Between Mai-son-neuve and Vitteaux, the road leads through an avenue of trees, eight American miles long in a right line. It is impossi-ble to paint the emui of this avenue."). and some judgments that seem surprising today: "The city of London, though hand-somer than Paris, is not so handsome as

The letters also provide a running account of the heated battles in the States General and France's financial crisis. Jefferson wrote John Jay, James Madison and others in the United States about the monarchy's complicated dance of death, with a little court gossip: "The King, long in the habit of drowning his cares in wine; plunges deeper and deeper. The Queen

cries, but sins on." The French crisis interested him not only for its own drama, and because of his close friendship with the Marquis de La-fayette, one of the (losing) players, but because of his involvement in the writing of the American Constitution, and thus the thorny questions of heads of state, taxation and national debt.

This admirable political philosopher is

politically incorrect in some American circles. Although he was publicly opposed to slavery, his opposition was phrased in the ambiguous manner of the times. He was also, as is well known, a slave owner and is believed to have fathered children by his slave Sally Hemings. It is tricky, in these pusillarimous times, to portray this com-plicated man, who was 100 percent Ameri-can and yet can seem very European to American readers.

"Jefferson in Paris" opens in Virginia today, when a reporter comes to interview the descendants of Sally Hemings, who show mementoes she brought back from Paris, where she was the companion of Jefferson's younger daughter (Hernings is played by Thandie Newton). The movie closes with the French Revolution and the freeing by Jefferson of James Hemings (Seth Gilliam), Sally's brother.

Merchant expects controversy, almost leefully: "Some people will think that Sally Hemings's relationship with Jeffer-son is really not acceptable."

"This movie is politically incorrect in every way," said Ivory over his tagliatelle.

**PEOPLE** 

Yes, Oprah Winfrey Wins Another Emmy

Oprah Winfrey, for the fourth consecutive time, won at the dayhost. This is getting to be sice. she said. Dick Clark, a pioneer of daytime TV with such classics as American Bandstand, received in lifetime achievement award.

The army, it seems, can laugh at itself, and even allowed Penny Marshall to direct a comedy at a base near Columbia, South Carolina. "We are funny at times." said the base spokesman. K. Douelas Cook. "Who else lines up their socks in their drawer?"

General H. Norman Schwarzkopf, the now-retired scourge of Saddam Hussein, should recover fully from surgery for prostate can-cer, his surgeon said. Schwarzkopf, who headed allied forces in the Guli War, had the operation Wednesday near Washington. . 0

In March, he was best man for his half-brother Roger, who in short order has made President Bill Cinton an uncle. Roger Clinton and his wife. Molly, had a boy named Tyler on May 12. Word of the birth did not get out promptly. the White House said, "because nooody asked."

Naomi Judd has doubts about her daughter's becoming an unwed her daughter's becoming an universal mother. "This is a very difficult time for Wvioana Judd and her family," said Morn, "but she's my daughter, and I'll give her my unconditional love and support. This child is going to be born into the most adoring, supportive family there ever was." Wynonna, the country singer who used to team with her mother, said last month that she probably won't marry the child's father, a boat salesman named Arch Kelley 3d.

The oceanographer Jacques Coustesu, 84, and the actress Olivia de Havilland, 77, were awarded honorary doctorates by the American University of Paris.

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#### WEATHER

# Europe Forecast for Saturday through Monday, as provided by Accu-Weather. Latin America

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**ACROSS** 

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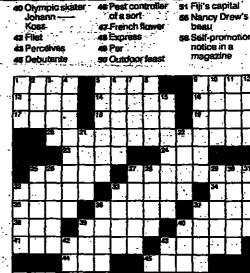
40 Party you can't

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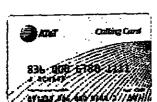
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**CROSSWORD** 4 Moving tribute? s Daze e Road sign 7 Handled .a Publius Ovidi s Break

12 Kind of search 15 Juggemauts 21 McKellen and Fleming \_ 22 Catches 26 Santa -



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